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PART II

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# Uniform System of Accounts for Class D Natural Gas Companies

# Title 18—CONSERVATION OF POWER

## Chapter I—Federal Power Commission

SUBCHAPTER F—ACCOUNTS, NATURAL GAS ACT

[Order No. 228; Docket No. R–187]

## PART 205—UNIFORM SYSTEM OF ACCOUNTS FOR CLASS D NATURAL GAS COMPANIES

This Commission has under consideration in this proceeding the revision of Part 204—Application of Uniform System of Accounts to Class C and Class D Natural Gas Companies of Subchapter F—Accounts, Natural Gas Act, of Chapter I—Federal Power Commission, Title 18—Conservation of Power, of the Code of Federal Regulations (CFR), to prescribe a revised Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act (Class D). That revised System of Accounts, as set forth in the attachment to the Notice of Proposed Rulemaking in this docket (25 F.R. 7955–7970) is prescribed hereinafter to become effective January 1, 1961, as a new part of the CFR, Part 205.

Part 204, §§ 204.1 through 204.8, of said Title and Code correspond to, and appear at pages 179–200 of the Commission's pamphlet publication of its Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act, effective January 1, 1940, revised to January 1, 1954,[1] as amended by Order No. 203 issued May 29, 1958 (23 F.R. 4164, June 12, 1958). That System of Accounts, as revised and prescribed hereinafter, follows the numbering system (accounts, instructions, definitions, etc.) used in the Notice of Proposed Rulemaking referred to above.

[1] The Uniform System of Accounts effective January 1, 1940, was prescribed by Commission Order No. 69 dated November 3, 1939 (4 F.R. 4764, December 5, 1939); and was contained in the codification and reissuance of the Commission's general rules promulgated by Commission Order No. 141, December 11, 1947, effective January 1, 1948 (12 F.R. 8461).

Important developments in the natural gas industry since the adoption of the Uniform System of Accounts effective January 1, 1940, and the experience of the Commission over the past 20 years indicated the need for a revision of the System of Accounts. Accordingly, this proceeding was commenced by Notice of Proposed Rulemaking served upon interested parties, including State and Federal regulatory agencies, and by publication in the FEDERAL REGISTER on August 17, 1960 (25 F.R. 7954). Copies of the proposed revised System of Accounts were served and published as a part of the general notice, as heretofore noted.

The revisions of the Commission's System of Accounts, as then proposed are prescribed hereinafter as a part of the Commission's Uniform System of Accounts to become effective January 1, 1961.

Heretofore, the Commission has not had a separately issued Uniform System of Accounts for Class D Natural Gas Companies, as such. The accounting requirements presently effective for small utilities (Class C and Class D), consist of an abridgment of the accounts for large natural gas companies by means of account charts appearing as Appendix II of the pamphlet version of the Uniform System of Accounts. In these account charts, the condensed accounts applicable to the small utilities are indicated by bracketing related account titles applicable to Class A and Class B utilities. The result is that small utilities have had to work with an inordinate amount of textual materials designed for larger utilities. An objective of the System of Accounts, prescribed hereinafter is to relieve small utilities from that burden. It is believed that the revised System of Accounts provides these smaller utilities with a simplified System of Accounts appropriate for the magnitude of their operations. The revised System of Accounts prescribed herein reflects the basic principles found in this Commission's recently issued revised Uniform System of Accounts Prescribed for Class A and Class B Natural Gas Companies Subject to the Provisions of the Natural Gas Act, Docket No. R–174. The revised System of Accounts introduces the following important improvements in this Commission's small utility accounting requirements:

a. New size classifications for gas utilities;

b. Simple plant and expense classifications for manufactured gas;

c. Certain necessary new accounts;

d. New arrangement of balance sheet and certain other accounts to make them more informative;

e. A reduced number of expense account classifications, mainly but not entirely, by the discontinuance of segregations of numerous functional accounts as to labor and other expenses;

f. Expanded items lists of account texts and clearer description of such items according to their functional nature, to facilitate use and consistency of respective account classifications; and

g. Restatements of the accounting aspects of certain accounting interpretations issued in the past.

In recommending the form of revised System of Accounts accompanying the Notice of Proposed Rulemaking in this proceeding, the staff of this Commission correlated its activities with the activities of the National Association of Railroad and Utility Commissioners (NARUC) which has recently prepared a form of NARUC Uniform System of Accounts for Class D gas utilities. This was done to promote continued consistency and uniformity of approach to the common problems with which the two accounting systems are concerned; and to assure a minimum amount of deviation where the two accounting systems do differ. The staff's activities in this regard were undertaken mainly with the Committee on Statistics and Accounts of the NARUC.

The aforesaid Notice of Proposed Rulemaking provided for the submission of data, views, comments, or protests in writing not later than September 19, 1960. To date no such data, views, comments, or protests have been received.

The Commission recognizes that some burden and expense will have to be borne by the accounting and reporting parties affected in connection with the transition from the present to the revised System of Accounts. However, the Commission is of the opinion that the physical burden and monetary cost of the changeover is of minor importance when viewed in relation to the immediate and future benefits to be derived from the revised System of Accounts, as prescribed herein.

For the convenience of all parties concerned, Appendix A set forth below correlates the account titles of the Commission's Uniform System of Accounts applicable to Class D Natural Gas Companies, effective January 1, 1940, with the revised System of Accounts prescribed herein effective January 1, 1961. Being a schematic presentation only, and of a very general nature, nothing contained therein shall be construed as in any way modifying the general or specific account titles, texts, and instructions of either of the Systems of Accounts.

Also, it should be noted that for the period of time required for the preparation and publication of the revised System of Accounts prescribed herein in pamphlet form, the revised System of Accounts (18 CFR Part 205) will be available in the printed form set forth below as Appendix B.

The Commission finds:

(1) In view of the foregoing, and upon consideration of all relevant matters presented, it is necessary and appropriate for the purposes of the Natural Gas Act, that the proposed revised System of Accounts as set forth in the Notice of Proposed Rulemaking (25 F.R. 7955–7970), be adopted and promulgated as this Commission's revised Uniform System of Accounts Prescribed for Natural Gas Companies Subject to the Provisions of the Natural Gas Act (Class D), effective January 1, 1961, all in the manner as hereinafter provided.

(2) Good cause exists for the adoption of the revised System of Accounts set forth herein to be effective as of January 1, 1961.

The Commission, acting pursuant to the Natural Gas Act, as amended, particularly sections 8(a), 10, and 16 (15 U.S.C. 717g, 717i, and 717o) orders:

(A) Effective January 1, 1961, Subchapter F—Accounts, Natural Gas Act of Chapter I—Federal Power Commission, Title 18—Conservation of Power, of the Code of Federal Regulations is amended by the addition of a new Part 205 to read as set forth in Appendix B below.

(B) Effective January 1, 1961, all Class D Natural Gas Companies under the Natural Gas Act shall keep their accounts in the manner set forth in the revised System of Accounts appearing in Appendix B below.

(C) The Secretary of the Commission shall cause prompt publication of this order.

Issued: December 23, 1960.

By the Commission.

[SEAL] J. H. GUTRIDE,
*Secretary.*

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*

## From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| BALANCE SHEET ACCOUNTS | | | BALANCE SHEET ACCOUNTS |
| ASSETS AND OTHER DEBITS | | | ASSETS AND OTHER DEBITS |
| *1. Utility Plant* | | | *1. Utility Plant* |
| Gas Plant: | | 100 | Gas plant. |
| Gas plant in service, leased to others and held for future use. | 2100.1 | 393 | Gas plant leased to others. |
| | | 394 | Gas plant held for future use. |
| Construction work in progress | 2100.3 | 395 | Construction work in progress—gas. |
| Gas plant acquisition adjustments | 2100.5 | 396 | Gas plant acquisition adjustments. |
| Gas plant in process of reclassification | 2100.6 | 392 | Gas plant in process of reclassification. |
| Gas plant adjustments | 2107 | 397 | Other gas plant adjustments. |
| Other utility plant | 2108 | 118 | Other utility plant. |
| *2. Investment and Fund Accounts* | | | *2. Other Property Investments* |
| Other physical property | 2110 | 121 | Nonutility property. |
| Miscellaneous investments and special funds | 2114 | 124 | Other investments. |
| | | 125 | Special funds. |
| *3. Current and Accrued Assets* | | | *3. Current and Accrued Assets* |
| Cash and working funds | 2120 | 131 | Cash and working funds. |
| Temporary cash investments | 2123 | 132 | Temporary cash investments. |
| Notes and accounts receivable | 2124 | 141 | Notes receivable. |
| Receivable from associated companies | 2126 | 142 | Customer accounts receivable. |
| | | 143 | Other accounts receivable. |
| Materials and supplies | 2131 | 150 | Materials and supplies. |
| Prepayments | 2132 | 165 | Prepayments. |
| Miscellaneous current and accrued assets | 2133 | 170 | Other current and accrued assets. |
| Gas stored underground | 2134 | ------- | (See General instruction No. 6B.) |
| *4. Deferred Debits* | | | *4. Deferred Debits* |
| Unamortized debt discount and expense | 2140 | 181 | Unamortized debt discount and expense. |
| Extraordinary property losses | 2141 | 182 | Extraordinary property losses. |
| Miscellaneous deferred debits | 2146 | 183 | Other deferred debits. |
| *5. Capital Stock Discount and Expense* | | | |
| Discount on capital stock | 2150 | 213 | Discount on capital stock. |
| Capital stock expense | 2151 | 214 | Capital stock expense. |
| *6. Reacquired Securities* | | | |
| Reacquired securities | 2152 | 217 | Reacquired capital stock. |
| | | 221 | Bonds. |
| LIABILITIES AND OTHER CREDITS | | | LIABILITIES AND OTHER CREDITS |
| *7. Capital Stock* | | | *5. Proprietary Capital* |
| Common capital stock | 2200 | 201 | Common capital stock. |
| Preferred capital stock | 2201 | 204 | Preferred capital stock. |
| Stock liability for conversion | 2202 | 207 | Other paid-in capital. |
| Premiums and assessments on capital stock | 2203 | | |
| Capital stock subscribed | 2204 | | |
| Installments received on capital stock | 2205 | 212 | Installments received on capital stock. |

## From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| BALANCE SHEET ACCOUNTS | | | BALANCE SHEET ACCOUNTS |
| ASSETS AND OTHER DEBITS | | | ASSETS AND OTHER DEBITS |
| *1. Utility Plant* | | | *1. Utility Plant* |
| Gas plant | 100 | 2100.1 | Gas plant in service, leased to others, and held for future use. |
| Accumulated provision for depreciation, depletion and amortization of gas plant. | 110 | 2250 | Reserve for depreciation and amortization of gas plant. |
| | | 2251 | Reserve for amortization of other limited-term gas investments. |
| | | 2252 | Reserve for amortization of gas plant acquisition adjustments. |
| Other utility plant | 118 | 2108 | Other utility plant. |
| Accumulated provision for depreciation and amortization of other utility plant. | 119 | 2253 | Reserve for depreciation and amortization of other property. |
| *2. Other Property and Investments* | | | |
| Nonutility property | 121 | 2110 | Other physical property. |
| Accumulated provision for depreciation and amortization of nonutility property. | 122 | 2253 | Reserve for depreciation and amortization of other property. |
| Other investments | 124 | 2114 | Miscellaneous investments and special funds. |
| Special funds | 125 | | |
| *3. Current and Accrued Assets* | | | *3. Current and Accrued Assets* |
| Cash and working funds | 131 | 2120 | Cash and working funds. |
| Temporary cash investments | 132 | 2123 | Temporary cash investments. |
| Notes receivable | 141 | 2124 | Notes and accounts receivable. |
| | | 2126 | Receivable from associated companies. |
| | | 2221 | Notes receivable discounted. |
| Customer accounts receivable | 142 | 2124 | Notes and accounts receivable. |
| Other accounts receivable | 143 | | |
| Accumulated provision for uncollectible accounts—credit. | 144 | 2254 | Reserve for uncollectible accounts. |
| Materials and supplies | 150 | 2131 | Materials and supplies. |
| Prepayments | 165 | 2132 | Prepayments. |
| Other current and accrued assets | 170 | 2133 | Miscellaneous current and accrued assets. |
| *4. Deferred Debits* | | | *4. Deferred Debits* |
| Unamortized debt discount and expense | 181 | 2140 | Unamortized debt discount and expense. |
| Extraordinary property losses | 182 | 2141 | Extraordinary property losses. |
| Other deferred debits | 183 | 2146 | Miscellaneous deferred debits. |
| LIABILITIES AND OTHER CREDITS | | | LIABILITIES AND OTHER CREDITS |
| *5. Proprietary Capital* | | | *7. Capital Stock* |
| Common capital stock | 201 | 2200 | Common capital stock. |
| Preferred capital stock | 204 | 2201 | Preferred capital stock. |
| Other paid-in capital | 207 | 2202 | Stock liability for conversion. |
| | | 2203 | Premiums and assessments on capital stock. |
| | | 2204 | Capital stock subscribed. |
| | | 2270 | Capital surplus. |
| Installments received on capital stock | 212 | 2205 | Installments received on capital stock. |
| Discount on capital stock | 213 | 2150 | Discount on capital stock. |
| Capital stock expense | 214 | 2151 | Capital stock expense. |
| Appropriated earned surplus | 215 | 2271 | Earned surplus. |
| Unappropriated earned surplus | 216 | | |
| Reacquired capital stock | 217 | 2152 | Reacquired securities. |
| Noncorporate proprietorship | 218 | ------- | New account. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| BALABCE SHEET ACCOUNTS—Continued | | | BALANCE SHEET ACCOUNTS—Continued |
| LIABILITIES AND OTHER CREDITS—con. | | | LIABILITIES AND OTHER CREDITS—con. |
| *8. Long-Term Debt* | | | *6. Long-Term Debt* |
| Bonds | 2210 | 221 | Bonds. |
| Receivers' certificates | 2211 | 224 | Other long-term debt. |
| Advances from associated companies | 2212 | 223 | Advances from associated companies. |
| Miscellaneous long-term debt | 2213 | 224 | Other long-term debt. |
| *9. Current and Accrued Liabilities* | | | *7. Current and Accrued Liabilities* |
| Notes and accounts payable | 2220 | 231 | Notes payable. |
| | | 232 | Accounts payable. |
| Notes receivable discounted | 2221 | 141 | Notes receivable (see note). |
| Payables to associated companies | 2223 | 238 | Other current and accrued liabilities. |
| Dividends declared | 2224 | | |
| Matured long-term debt | 2225 | | |
| Matured interest | 2226 | | |
| Customers' deposits | 2227 | 235 | Customer deposits. |
| Taxes accrued | 2228 | 236 | Taxes accrued. |
| Interest accrued | 2229 | 237 | Interest accrued. |
| Other current and accrued liabilities | 2230 | 238 | Other current and accrued liabilities. |
| *10. Deferred Credits* | | | *8. Deferred Credits* |
| Unamortized premium on debt | 2240 | 251 | Unamortized premium on debt. |
| Customers' advances for construction | 2241 | 252 | Customer advances for construction. |
| Other deferred credits | 2242 | 253 | Other deferred credits. |
| *11. Reserves* | | | *9. Operating Reserves* |
| Reserve for depreciation and amortization of gas plant. | 2250 | 110 | Accumulated provision for depreciation, depletion and amortization of gas plant. |
| Reserve for amortization of other limited-term gas investments | 2251 | | |
| Reserve for amortization of gas plant acquisition adjustments. | 2252 | | |
| Reserve for depreciation and amortization of other property. | 2253 | 119 | Accumulated provision for depreciation and amortization of other utility plant. |
| | | 122 | Accumulated provision for depreciation and amortization of nonutility property. |
| Reserve for uncollectible accounts | 2254 | 144 | Accumulated provision for uncollectible accounts—credit. |
| Miscellaneous reserves | 2258 | 261 | Property insurance reserve. |
| | | 265 | Miscellaneous operating reserves. |
| *12. Contributions in Aid of Construction* | | | *10. Contributions in Aid of Construction* |
| Contributions in aid of construction | 2265 | 271 | Contributions in aid of construction. |
| *13. Accumulated Deferred Taxes on Income* | | | |
| Accumulated deferred taxes on income—accelerated amortization. | 2266.1 | ------ | (See general instruction No. 6C.) |
| Accumulated deferred taxes on oncome—liberalized depreciation. | 2266.2 | | |
| Accumulated deferred taxes on income—other | 2266.3 | | |
| *14. Surplus* | | | |
| Capital surplus | 2270 | 207 | Other paid-in capital. |
| Earned surplus | 2271 | 215 | Appropriated earned surplus. |
| | | 216 | Unappropriated earned surplus. |
| GAS PLANT ACCOUNTS | | | GAS PLANT ACCOUNTS |
| *1. Intangible Plant* | | | *1. Intangible Plant* |
| Intangible plant | 2301 | 301 | Organization. |
| | | 302 | Franchises and consents. |
| | | 303 | Miscellaneous intangible plant. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| BALANCE SHEET ACCOUNTS—Continued | | | BALANCE SHEET ACCOUNTS—Continued |
| LIABILITIES AND OTHER CREDITS—con. | | | LIABILITIES AND OTHER CREDITS—con. |
| *6. Long-Term Debt* | | | *8. Long-Term Debt* |
| Bonds | 221 | 2152 | Reacquired securities. |
| | | 2210 | Bonds. |
| Advances from associated companies | 223 | 2212 | Advances from associated companies. |
| Other long-term debt | 224 | 2211 | Receivers' certificates. |
| | | 2213 | Miscellaneous long-term debt. |
| *7. Current and Accrued Liabilities* | | | *9. Current and Accrued Liabilities* |
| Notes payable | 231 | 2220 | Notes and accounts payable. |
| Accounts payable | 232 | | |
| Customer deposits | 235 | 2227 | Customers' deposits. |
| Taxes accrued | 236 | 2228 | Taxes accrued. |
| Interest accrued | 237 | 2229 | Interest accrued. |
| | | 2223 | Payables to associated companies. |
| | | 2224 | Dividends declared. |
| Other current and accrued liabilities | 238 | 2225 | Matured long-term debt. |
| | | 2226 | Matured interest. |
| | | 2230 | Other current and accrued liabilities. |
| *8. Deferred Credits* | | | *10. Deferred Credits* |
| Unamortized premium on debt | 251 | 2240 | Unamortized premium on debt. |
| Customer advances for construction | 252 | 2241 | Customers' advances for construction. |
| Other deferred credits | 253 | 2242 | Other deferred credits. |
| *9. Operating Reserves* | | | *11. Reserves* |
| Property insurance reserve | 261 | 2258 | Miscellaneous reserves. |
| Miscellaneous operating reserve | 265 | | |
| *10. Contributions in Aid of Construction* | | | *12. Contributions in Aid of Construction* |
| Contributions in aid of construction | 271 | 2265 | Contributions in aid of construction. |
| GAS PLANT ACCOUNTS | | | GAS PLANT ACCOUNTS |
| *1. Intangible Plant* | | | *1. Intangible Plant* |
| Organization | 301 | 2301 | Intangible plant. |
| Franchises and consents | 302 | | |
| Miscellaneous intangible plant | 303 | | |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| GAS PLANT ACCOUNTS—Continued | | | GAS PLANT ACCOUNTS—Continued |
| *2. Production Plant* | | | *2. Manufactured Gas Production Plant* |
| *A. Manufactured Gas Production Plant* | | | |
| Land and land rights | 2311 | 310 | Land and land rights. |
| Structures and improvements | 2312 | 311 | Structures and improvements. |
| Boiler plant and other power equipment | 2313 | 313 | Water gas equipment. |
| Benches and retorts | 2315 | 312 | Coal gas equipment. |
| Coke ovens | 2316 | | |
| Producer gas equipment | 2317 | | |
| Other gas generating equipment | 2320 | 313 | Water gas equipment. |
| | | 314 | Petroleum gas equipment. |
| | | 315 | Production equipment—other processes. |
| Coal, coke, and ash handling equipment | 2321 | 312 | Coal gas equipment. |
| Gas reforming equipment | 2322 | 315 | Production equipment—other processes. |
| Purification equipment | 2323 | 312 | Coal gas equipment. |
| Other production equipment | 2326 | 312 | Coal gas equipment. |
| | | 313 | Water gas equipment. |
| | | 314 | Petroleum gas equipment. |
| | | 315 | Production equipment—other processes. |
| *B1. Natural Gas Production and Gathering Plant* | | | *3. Natural Gas Production and Gathering* |
| Natural gas producing land, leaseholds, and rights. | 2330.1 | 320 | Producing gas lands, leaseholds, and gas rights. |
| Other land and land rights | 2330.5 | 321 | Other land and land rights. |
| Production system structures | 2331 | 322 | Structures and improvements. |
| Producing gas wells | 2332 | 323 | Producing gas wells. |
| Field lines and equipment | 2333 | 324 | Gathering lines and equipment. |
| | | 325 | Drilling and cleaning equipment. |
| Purification equipment | 2335 | 326 | Other production equipment. |
| Other production and gathering equipment | 2336 | | |
| *B2. Products Extraction Plant* | | | |
| Land and land rights | 2337.1 | ------ | (See general instruction No. 6A.) |
| Structures and improvements | 2337.2 | | |
| Products extraction and refining equipment | 2337.3 | | |
| *3. Storage Plant* | | | |
| *A. Underground Storage Plant* | | | |
| Land and land rights | 2341 | ------ | (See general instruction No. 6B.) |
| Structures and improvements | 2342 | | |
| Storage gas wells | 2343.1 | | |
| Underground storage lines and equipment | 2343.2 | | |
| Gas stored underground—noncurrent | 2344 | | |
| *B. Local Storage Plant* | | | |
| Land and land rights | 2345 | 310 | Land and land rights. |
| | | 330 | Land and land rights. |
| Structures and improvements | 2346 | 311 | Structures and improvements. |
| Gas holders | 2347 | 331 | Structures and improvements. |
| Other local gas storage equipment | 2349 | 331 | Structures and improvements. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| GAS PLANT ACCOUNTS—Continued | | | GAS PLANT ACCOUNTS—Continued |
| *2. Manufactured Gas Production Plant* | | | *2. Production Plant* |
| Land and land rights | 310 | 2311 | Land and land rights. |
| | | 2345 | Land and land rights. |
| Structures and improvements | 311 | 2312 | Structures and improvements. |
| | | 2346 | Structures and improvements. |
| | | 2347 | Gas holders. |
| | | 2315 | Benches and retorts. |
| | | 2316 | Coke ovens. |
| Coal gas equipment | 312 | 2317 | Producer gas equipment. |
| | | 2321 | Coal, coke, and ash handling equipment. |
| | | 2323 | Purification equipment. |
| | | 2326 | Other production equipment. |
| Water gas equipment | 313 | 2313 | Boiler plant and other power equipment. |
| | | 2320 | Other gas generating equipment. |
| | | 2326 | Other production equipment. |
| Petroleum gas equipment | 314 | 2320 | Other gas generating equipment. |
| | | 2326 | Other production equipment. |
| Production equipment—other processes | 315 | 2320 | Other gas operating equipment. |
| | | 2322 | Gas reforming equipment. |
| | | 2326 | Other production equipment. |
| *3. Natural Gas Production and Gathering* | | | *B. Natural Gas Production and Gathering Plant* |
| Producing gas lands, leaseholds, and gas rights | 320 | 2330.1 | Natural gas producing lands, leaseholds, and rights. |
| Other land and land rights | 321 | 2330.5 | Other land and land rights. |
| Structures and improvements | 322 | 2331 | Production system structures. |
| Producing gas wells | 323 | 2332 | Producing gas wells. |
| Gathering lines and equipment | 324 | 2333 | Field lines and equipment. |
| Drilling and cleaning equipment | 325 | | |
| Other production equipment | 326 | 2335 | Purification equipment. |
| | | 2336 | Other production and gathering equipment. |

**APPENDIX A**—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

**From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961**

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| GAS PLANT ACCOUNTS—Continued | | | GAS PLANT ACCOUNTS—Continued |
| *4. Transmission Plant* | | | *4. Transmission and Distribution Plant* |
| Land and land rights | 2351 | 330 | Land and land rights. |
| Structures and improvements | 2352 | 331 | Structures and improvements. |
| Mains | 2353 | 332 | Mains. |
| Pumping and regulating equipment | 2354 | 333 | Pumping and regulating equipment. |
| Other transmission system equipment | 2355 | 340 | Other equipment. |
| *5. Distribution Plant* | | | |
| *A. City Gate and Main Line Industrial Measuring and Regulating Station Plant* | | | |
| Land and land rights | 2356.1 | 330 | Land and land rights. |
| Structures and improvements | 2356.2 | 331 | Structures and improvements. |
| Measuring and regulating station equipment | 2356.3 | 333 | Pumping and regulating equipment. |
| *B. General Distribution System Plant* | | | |
| Land and land rights | 2357 | 330 | Land and land rights. |
| Structures and improvements | 2358 | 331 | Structures and improvements. |
| Mains | 2359 | 332 | Mains. |
| Pumping and regulating equipment | 2360 | 333 | Pumping and regulating equipment. |
| Services | 2361 | 334 | Services. |
| | | 335 | Meters. |
| Meters and regulators | 2362 | 336 | Meter installations. |
| | | 337 | House regulators. |
| | | 338 | House regulator installations. |
| Other property on customer's premises | 2366 | 339 | Property on customers' premises. |
| Street lighting equipment | 2367 | | |
| Other distribution equipment | 2368 | 340 | Other equipment. |
| *6. General Plant* | | | *5. General Plant* |
| Land and land rights | 2370 | 370 | Land and land rights. |
| Structures and improvements | 2371 | 371 | Structures and improvements. |
| Office furniture and equipment | 2372 | 372 | Office furniture and equipment. |
| General plant equipment | 2373 | 373 | Transportation equipment. |
| | | 379 | Other general equipment. |
| | | | *6. Other Gas Plant* |
| Other tangible property | 2390 | 390 | Other tangible property. |
| Gas plant purchased | 2391 | 391 | Gas plant purchased or sold. |
| Gas plant sold | 2392 | | |
| EARNED SURPLUS ACCOUNTS | | | EARNED SURPLUS |
| Credits: | | | Credits: |
| Earned surplus (at beginning of period) | 2271 | 216 | Unappropriated earned surplus (at beginning of period). |
| Credit balance transferred from income account | 2400 | 433 | Balance transferred from income. |
| Miscellaneous credits to surplus | 2401 | 434 | Miscellaneous credits to surplus. |
| Debits: | | | Debits: |
| Debit balance transferred from income account | 2410 | 433 | Balance transferred from income. |
| Dividend appropriations—preferred stock | 2411 | 437 | Dividends declared—preferred stock. |
| Dividend appropriations—common stock | 2412 | 438 | Dividends declared—common stock. |
| Miscellaneous reservations of surplus | 2413 | 436 | Appropriations of surplus. |
| Miscellaneous debits to surplus | 2414 | 435 | Miscellaneous debits to surplus. |
| Earned surplus (at end of period) | 2271 | 216 | Unappropriated earned surplus (at end of period). |

**From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940**

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| GAS PLANT ACCOUNTS—Continued | | | GAS PLANT ACCOUNTS—Continued |
| *4. Transmission and Distribution Plant* | | | *4-5. Transmission and Distribution Plants* |
| Land and land rights | 330 | 2345 | |
| | | 2351 | |
| | | 2356.1 | Land and land rights. |
| | | 2357 | |
| | | 2346 | Structures and improvements. |
| Structures and improvements | 331 | 2347 | Gas holders. |
| | | 2349 | Other local gas storage equipment. |
| | | 2352 | Structures and improvements. |
| | | 2356.2 | Structures and improvements. |
| | | 2358 | Structures and improvements. |
| Mains | 332 | 2353 | |
| | | 2359 | Mains. |
| Pumping and regulating equipment | 333 | 2354 | Pumping and regulating equipment. |
| | | 2356.3 | Measuring and regulating station equipment. |
| | | 2360 | Pumping and regulating equipment. |
| Services | 334 | 2361 | Services. |
| Meters | 335 | | |
| Meter installations | 336 | 2362 | Meters and regulators. |
| House regulators | 337 | | |
| House regulator installations | 338 | | |
| Property on customers' premises | 339 | 2366 | Other property on customers' premises. |
| | | 2367 | Street lighting equipment. |
| Other equipment | 340 | 2355 | Other transmission system equipment. |
| | | 2368 | Other distribution equipment. |
| *5. General Plant* | | | *6. General Plant* |
| Land and land rights | 370 | 2370 | Land and land rights. |
| Structures and improvements | 371 | 2371 | Structures and improvements. |
| Office furniture and equipment | 372 | 2372 | Office furniture and equipment. |
| Transportation equipment | 373 | 2373 | General plant equipment. |
| Other general equipment | 379 | | |
| *6. Other Gas Plant* | | | |
| Other tangible property | 390 | 2390 | Other tangible property. |
| Gas plant purchased or sold | 391 | 2391 | Gas plant purchased. |
| | | 2392 | Gas plant sold. |
| Gas plant in process of reclassification | 392 | 2100.6 | Gas plant in process of reclassification. |
| Gas plant leased to others | 393 | 2100.1 | Gas plant in service, leased to others, and held for future use. |
| Gas plant held for future use | 394 | | |
| Construction work in progress—gas | 395 | 2100.3 | Construction work in progress. |
| Gas plant acquisition adjustments | 396 | 2100.5 | Gas plant acquisition adjustments. |
| Other gas plant adjustments | 397 | 2107 | Gas plant adjustments. |
| (In the system of accounts effective Jan. 1, 1961, the earned surplus accounts are included with the income accounts. See below.) | | | |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| INCOME ACCOUNTS | | | INCOME ACCOUNTS |
| *1. Utility Income* | | | *1. Utility Operating Income* |
| Gas operating income: | | | |
| Operating revenues | 2501 | 400 | Operating revenues. |
| Operating revenue deductions: | | | Operating expenses: |
| Operating expenses | 2502 | 401 | Operation and maintenance expense. |
| Depreciation | 2503.1 | 403 | Depreciation and depletion expense. |
| Amortization and depletion of producing natural gas land and land rights. | 2503.2 | | |
| Amortization of other limited-term gas investments. | 2504 | 404 | Amortization expense. |
| Amortization of gas plant acquisition adjustments. | 2505 | | |
| Property losses chargeable to operations | 2506 | | |
| Taxes | 2507 | 408 | Taxes other than income taxes. |
| | | 409 | Income taxes. |
| Provisions for deferred federal income taxes | 2507A | ------- | (See general instruction No. 6C.) |
| Credits to operations arising from federal income taxes deferred in prior years—credit. | 2507B | | |
| Income from gas plant leased to others | 2508 | 412–413 | Income from gas plant leased to others: |
| Revenues from plant leased to others | 2508.1 | 412 | Revenues from gas plant leased to others. |
| Expenses of plant leased to others | 2508.2 | 413 | Expenses of gas plant leased to others. |
| Other utility operating income | 2509 | 414 | Other utility operating income. |
| *2. Other Income* | | | *2. Other Income* |
| Income from merchandising, jobbing, and contract work: | 2520 | 415–416 | Income from merchandising, jobbing, and contract work. |
| Revenues from merchandising, jobbing, and contract work. | 2520.1 | 415 | Revenues from merchandising, jobbing, and contract work. |
| Costs and expenses of merchandising, jobbing, and contract work. | 2520.2 | 416 | Expenses of merchandising, jobbing, and contract work. |
| Income from nonutility operations | 2521 | 421 | Miscellaneous nonoperating income. |
| Revenues from lease of other physical property | 2522 | 418 | Nonoperating rental income. |
| Dividend revenues | 2523 | 419 | Interest and dividend income. |
| Interest revenues | 2524 | | |
| Revenues from sinking and other funds | 2525 | | |
| Miscellaneous nonoperating revenues | 2526 | 421 | Miscellaneous nonoperating income. |
| Nonoperating revenue deductions | 2527 | ------- | Deleted. |
| *3. Income Deductions* | | | *3. Miscellaneous Income Deductions* |
| Interest on long-term debt | 2530 | 427 | Interest on long-term debt. |
| Amortization of debt discount and expense | 2531 | 428 | Amortization of debt discount and expense. |
| Amortization of premium on debt—credit | 2532 | 429 | Amortization of premium on debt—credit. |
| Taxes assumed on interest | 2533 | 431 | Other interest expense. |
| Interest on debt to associated companies | 2534 | 430 | Interest on debt to associated companies. |
| Other interest charges | 2535 | 431 | Other interest expense. |
| Interest charged to construction—credit | 2536 | 432 | Interest charged to construction—credit. |
| Miscellaneous amortization | 2537 | 425 | Miscellaneous amortization. |
| Miscellaneous income deductions | 2538 | 426 | Other income deductions. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| INCOME ACCOUNTS | | | INCOME ACCOUNTS |
| *1. Utility Operating Income* | | | *1. Utility Income* |
| Operating revenues | 400 | 2501 | Operating revenues. |
| Operating expenses: | | | Operating revenue deductions: |
| Operation and maintenance expenses | 401 | 2502 | Operating expenses. |
| Depreciation and depletion expense | 403 | 2503.1 | Depreciation. |
| | | 2503.2 | Amortization and depletion of producing natural gas land and land rights. |
| Amortization expense | 404 | 2504 | Amortization of other limited-term gas investments. |
| | | 2505 | Amortization of gas plant acquisition adjustments. |
| | | 2506 | Property losses chargeable to operations. |
| Taxes other than income taxes | 408 | 2507 | Taxes. |
| Income taxes | 409 | | |
| Income from gas plant leased to others | 412–413 | 2508 | Income from gas plant leased to others: |
| Revenues from gas plant leased to others | 412 | 2508.1 | Revenues from plant leased to others. |
| Expenses of gas plant leased to others | 413 | 2508.2 | Expenses of plant leased to others. |
| Other utility operating income | 414 | 2509 | Other utility operating income. |
| *2. Other Income* | | | *2. Other Income* |
| Income from merchandising, jobbing, and contract work: | 415–416 | 2520 | Income from merchandising, jobbing, and contract work: |
| Revenues from merchandising, jobbing, and contract work. | 415 | 2520.1 | Revenues from merchandising, jobbing, and contract work. |
| Expenses of merchandising, jobbing, and contract work. | 416 | 2520.2 | Expenses of merchandising, jobbing, and contract work. |
| Nonoperating rental income | 418 | 2522 | Revenues from lease of other physical property. |
| Interest and dividend income | 419 | 2523 | Dividend revenues. |
| | | 2524 | Interest revenues. |
| | | 2525 | Revenues from sinking and other funds. |
| Miscellaneous nonoperating income | 421 | 2521 | Income from nonutility operations. |
| | | 2526 | Miscellaneous nonoperating revenues. |
| *3. Miscellaneous Income Deductions* | | | *3. Income Deductions* |
| Miscellaneous amortization | 425 | 2537 | Miscellaneous amortization. |
| Other income deductions | 426 | 2538 | Miscellaneous income deductions. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 11, 940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| INCOME ACCOUNTS—Con. | | | INCOME ACCOUNTS—Con. |
| *4. Disposition of Net Income* | | | |
| Miscellaneous reservations of net income | 2540 | ------- | Deleted. |
| OPERATING REVENUE ACCOUNTS | | | OPERATING REVENUE ACCOUNTS |
| *1. Gas Service Revenues* | | | *1. Sales of Gas* |
| Residential sales | 2600 | 480 | Residential sales. |
| Commercial and industrial sales | 2602 | 481 | Commercial and industrial sales. |
| Public street and highway lighting | 2603 | ------- | Deleted. |
| Other sales to public authorities | 2604 | ------- | Deleted. |
| Sales to other gas utilities | 2605 | 483 | Sales for resale. |
| Interdepartmental sales | 2607 | 484 | Interdepartmental sales. |
| Other sales | 2608 | ------- | Deleted. |
| *2. Other Gas Revenues* | | | *2. Other Operating Revenues* |
| Rent from gas property | 2610 | 493 | Rent from gas property. |
| Interdepartmental rents | 2611 | 494 | Interdepartmental rents. |
| Customers' forfeited discounts and penalties | 2612 | 487 | Forfeited discounts. |
| Servicing of customers' installations | 2614 | 488 | Miscellaneous service revenues. |
| Revenue from transportation of gas of others | 2615 | 489 | Revenues from transportation of gas of others. |
| Sales of products extracted from natural gas | 2616 | ------- | (See general instruction No. 6A.) |
| Revenues from natural gas processed by others | 2617 | 491 | Revenues from natural gas processed by others. |
| Incidental gasoline sales | 2618.1 | 492 | Incidental gasoline and oil sales. |
| Incidental oil sales | 2618.2 | | |
| Miscellaneous gas revenues | 2619 | 495 | Other gas revenues. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| INCOME ACCOUNTS—Con. | | | INCOME ACCOUNTS—Con. |
| *4. Interest Charges* | | | |
| Interest on long-term debt | 427 | 2530 | Interest on long-term debt. |
| Amortization of debt discount and expense | 428 | 2531 | Amortization of debt discount and expense. |
| Amortization of premium on debt—credit | 429 | 2532 | Amortization of premium on debt—credit. |
| Interest on debt to associated companies | 430 | 2534 | Interest on debt to associated companies. |
| Other interest expense | 431 | 2533 | Taxes assumed on interest. |
| | | 2535 | Other interest charges. |
| Interest charged to construction—credit | 432 | 2536 | Interest charged to construction—credit. |
| *5. Earned Surplus* | | | EARNED SURPLUS ACCOUNTS |
| Unappropriated earned surplus (at beginning of period). | 216 | 2271 | Earned surplus (at beginning of period). |
| Balance transferred from income | 433 | 2400 | Credit balance transferred from income account. |
| | | 2410 | Debit balance transferred from income account. |
| Miscellaneous credits to surplus | 434 | 2401 | Miscellaneous credits to surplus. |
| Miscellaneous debits to surplus | 435 | 2414 | Miscellaneous debits to surplus. |
| Appropriations of surplus | 436 | 2413 | Miscellaneous reservations of surplus. |
| Dividends declared—preferred stock | 437 | 2411 | Dividend appropriations—preferred stock. |
| Dividends declared—common stock | 438 | 2412 | Dividend appropriations—common stock. |
| Unappropriated earned surplus (at end of period). | 216 | 2271 | Earned surplus (at end of period). |
| OPERATING REVENUE ACCOUNTS | | | OPERATING REVENUE ACCOUNTS |
| *1. Sales of Gas* | | | *1. Gas Service Revenues* |
| Residential sales | 480 | 2600 | Residential sales. |
| Commercial and industrial sales | 481 | 2602 | Commercial and industrial sales. |
| Sales for resale | 483 | 2605 | Sales to other gas utilities. |
| Interdepartmental sales | 484 | 2607 | Interdepartmental sales. |
| *2. Other Operating Revenues* | | | *2. Other Gas Revenues* |
| Forfeited discounts | 487 | 2612 | Customers' forfeited discounts and penalties. |
| Miscellaneous service revenues | 488 | 2614 | Servicing of customers' installations. |
| Revenues from transportation of gas of others | 489 | 2615 | Revenue from transportation of gas of others. |
| Revenues from natural gas processed by others | 491 | 2617 | Revenues from natural gas processed by others. |
| Incidental gasoline and oil sales | 492 | 2618.1 | Incidental gasoline sales. |
| | | 2618.2 | Incidental oil sales. |
| Rent from gas property | 493 | 2610 | Rent from gas property. |
| Interdepartmental rents | 494 | 2611 | Interdepartmental rents. |
| Other gas revenues | 495 | 2619 | Miscellaneous gas revenues. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATING EXPENSE ACCOUNTS | | | OPERATION AND MAINTENANCE EXPENSE ACCOUNTS |
| *1. Production Expenses* | | | |
| *A. Manufactured Gas Production* | | | *1. Manufactured Gas Production* |
| Operation: | | | |
| Operation supervision and labor | 2701 | 700 | Supervision and labor. |
| Boiler fuel | 2708 | 701 | Fuel and raw materials. |
| Water | 2709 | 703 | Operation supplies and expenses. |
| Coal gas fuel | 2710 | | |
| Fuel for liquefied petroleum gas processes | 2713 | | |
| Coal carbonized | 2714 | | |
| Water gas generator fuel | 2715 | 701 | Fuel and raw materials. |
| Oil and enricher materials | 2717 | | |
| Raw materials for other gas processes | 2720 | | |
| Other production supplies and expenses | 2722 | -------- | (Various, see accounts effective January 1, 1961.) |
| Maintenance: | | | |
| Maintenance of production plant | 2723 | 706 | Repairs of manufactured gas production plant. |
| Miscellaneous: | | | |
| Power from other sources | 2728 | 703 | Operation supplies and expenses. |
| Rent | 2729 | | |
| Residuals produced—credit | 2730.1 | 701 | Fuel and raw materials. |
| Residuals expenses | 2730.2 | | |
| Joint expenses—debit | 2731.1 | -------- | Deleted. |
| Joint expenses—credit | 2731.2 | -------- | Deleted. |
| *B1. Natural Gas Production and Gathering* | | | *2. Natural Gas Production and Gathering* |
| Operation: | | | |
| Operation supervision and labor | 2733.1 | 710 | Supervision and labor. |
| Operating supplies and expenses | 2733.3 | 713 | Operation supplies and expenses. |
| Maintenance: | | | |
| Maintenance of production and gathering plant | 2734 | 725 | Repairs of production and gathering plant. |
| Miscellaneous: | | | |
| Gas well royalties | 2735.1 | 714 | Gas well royalties. |
| Natural gas rents | 2735.2 | 713 | Operation supplies and expenses. |
| Joint expenses—debit | 2735.3 | -------- | Deleted. |
| Joint expenses—credit | 2735.4 | -------- | Deleted. |
| *B2. Products Extraction Operation* | | | |
| Operation: | | | |
| Operation supervision and labor | 2736.1 | | |
| Gas shrinkage and fuel | 2736.3 | | |
| Operating supplies and expenses | 2736.6 | | |
| Maintenance: | | | |
| Maintenance of products extraction plant | 2737.1 | -------- | (See general instruction No. 6A.) |
| Miscellaneous: | | | |
| Products purchased for resale | 2738.1 | | |
| Miscellaneous products extraction expenses | 2738.2 | | |
| Joint expenses—debit | 2738.7 | -------- | Deleted. |
| Joint expenses—credit | 2738.8 | -------- | Deleted. |
| *B3. Exploration and Development* | | | |
| Delay rentals | 2739.1 | 720 | Delay rentals. |
| Nonproductive well drilling | 2739.2 | 721 | Nonproductive well drilling. |
| Abandoned leases | 2739.3 | 722 | Abandoned leases. |
| Other exploration costs | 2739.4 | 723 | Other exploration. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATION AND MAINTENANCE EXPENSE ACCOUNTS | | | OPERATING EXPENSE ACCOUNTS |
| | | | *1. Production Expenses* |
| *1. Manufactured Gas Production* | | | *A. Manufactured Gas Production* |
| Supervision and labor | 700 | 2701 | Operation supervision and labor. |
| | | 2708 | Boiler fuel. |
| | | 2710 | Coal gas fuel. |
| | | 2713 | Fuel for liquefied petroleum gas processes. |
| | | 2714 | Coal carbonized. |
| Fuel and raw materials | 701 | 2715 | Water gas generator fuel. |
| | | 2717 | Oil and enricher materials. |
| | | 2720 | Raw materials for other gas processes. |
| | | 2730.1 | Residuals produced—credit. |
| | | 2730.2 | Residuals expenses. |
| | | 2709 | Water. |
| Operation supplies and expenses | 703 | 2728 | Power from other sources. |
| | | 2729 | Rent. |
| Repairs of manufactured gas production plant | 706 | 2723 | Maintenance of production plant. |
| *2. Natural Gas Production and Gathering* | | | *B1. Natural Gas Production and Gathering* |
| Supervision and labor | 710 | 2733.1 | Operation supervision and labor. |
| Operation supplies and expenses | 713 | 2733.3 | Operating supplies and expenses. |
| | | 2735.2 | Natural gas rents. |
| Gas well royalties | 714 | 2735.1 | Gas well royalties. |
| Delay rentals | 720 | 2739.1 | Delay rentals. |
| Nonproductive well drilling | 721 | 2739.2 | Nonproductive well drilling. |
| Abandoned leases | 722 | 2739.3 | Abandoned leases. |
| Other exploration | 723 | 2739.4 | Other exploration costs. |
| Repairs of production and gathering plant | 725 | 2734 | Maintenance of production and gathering plant. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATING EXPENSE ACCOUNTS—Con. | | | OPERATING AND MAINTENANCE EXPENSE ACCOUNTS—Con. |
| *1. Production Expenses*—Con. | | | |
| *C. Other Gas Supply Expenses* | | | *3. Purchased Gas* |
| Purchased gas | 2745 | 730 | Purchased gas. |
| Purchased gas expenses | 2746 | | |
| Gas withdrawn from underground storage—debit | 2747.1 | | (See general instruction No. 6B.) |
| Gas delivered to underground storage—credit | 2747.2 | | |
| Gas used in utility operation—credit | 2748 | 730 | Purchased gas. |
| Other gas supply expenses | 2749 | | |
| Joint expenses—debit | 2750 | | Deleted. |
| Joint expenses—credit | 2751 | | Deleted. |
| *2. Storage Expenses* | | | |
| *A. Underground Storage* | | | |
| Operation: | | | |
| Operation supervision and labor | 2755 | | |
| Operation supplies and expenses | 2755.3 | | |
| Nonoperative storage well drilling | 2755.4 | | |
| Storage maps and records | 2755.5 | | (See general instruction No. 6B.) |
| Maintenance: | | | |
| Maintenance of underground storage plant | 2756 | | |
| Miscellaneous: | | | |
| Underground storage rents | 2757.1 | | |
| Joint expenses—debit | 2757.2 | | Deleted. |
| Joint expenses—credit | 2757.3 | | Deleted. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATING AND MAINTENANCE EXPENSE ACCOUNTS—Con. | | | OPERATING EXPENSE ACCOUNTS—Con. |
| | | | *1. Production Expenses*—Con. |
| *3. Purchased Gas* | | | *C. Other Gas Supply Expenses* |
| Purchased gas | 730 | 2745 | Purchased gas. |
| | | 2746 | Purchased gas expenses. |
| | | 2748 | Gas used in utility operation—credit. |
| | | 2749 | Other gas supply expenses. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961*—Continued

From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATING EXPENSE ACCOUNTS—Con. | | | OPERATING AND MAINTENANCE EXPENSE ACCOUNTS—Con. |
| *2. Storage Expenses*—Con. | | | *4. Transmission and Distribution* |
| *B. Local Storage* | | | |
| Operation: | | | |
| Operation supervision and labor | 2758.1 | 760 | Supervision and labor. |
| Operation supplies and expenses | 2758.3 | 761 | Operation supplies and expenses. |
| Maintenance: | | | |
| Maintenance of local storage plant | 2758.4 | 762 | Repairs of transmission and distribution plant. |
| Miscellaneous: | | | |
| Local storage rents | 2758.9 | 761 | Operation supplies and expenses. |
| Joint expenses—debit | 2758.10 | ---- | Deleted. |
| Joint expenses—credit | 2758.11 | ---- | Deleted. |
| *3. Transmission* | | | |
| Operation: | | | |
| System operation | 2759 | 760<br>761<br>765 | Supervision and labor.<br>Operation supplies and expenses.<br>Transportation and expenses. |
| Maintenance: | | | |
| System maintenance | 2760 | 760<br>761<br>762<br>765 | Supervision and labor.<br>Operation supplies and expenses.<br>Repairs of transmission and distribution plant.<br>Transportation expenses. |
| Miscellaneous: | | | |
| Rents | 2761.1 | 761 | Operation supplies and expenses. |
| Transmission and compression of gas by others | 2761.2 | | |
| Joint expenses—debit | 2761.3 | ---- | Deleted. |
| Joint expenses—credit | 2761.4 | ---- | Deleted. |
| *4. Distribution* | | | |
| *A. City Gate and Main Line Industrial Measuring and Regulating Station Expenses* | | | |
| Operation: | | | |
| Operation of city gate and main line industrial measuring and regulating stations. | 2764.1 | 760<br>761<br>765 | Supervision and labor.<br>Operation supplies and expenses.<br>Transportation expenses. |
| Maintenance: | | | |
| Maintenance of city gate and main line industrial measuring and regulating stations. | 2764.4 | 760<br>761<br>762<br>765 | Supervision and labor.<br>Operation supplies and expenses.<br>Repairs of transmission and distribution plant.<br>Transportation expenses. |
| Miscellaneous: | | | |
| Rents | 2764.7 | 761 | Operation supplies and expenses. |
| Joint expenses—debit | 2764.8 | ---- | Deleted. |
| Joint expenses—credit | 2764.9 | ---- | Deleted. |

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Con. | | | OPERATING EXPENSE ACCOUNTS—Con. |
| *4. Transmission and Distribution* | | | *2. Storage—3. Transmission—4. Distribution* |
| Supervision and labor | 760 | 2758.1 | Operation supervision and labor. |
| | | 2759 | System operation. |
| | | 2760 | System maintenance. |
| | | 2764.1 | Operation of city gate and main line industrial measuring and regulating stations. |
| | | 2764.4 | Maintenance of city gate and main line industrial measuring and regulating stations. |
| | | 2765 | System operation. |
| | | 2771 | Maintenance of distribution system. |
| Operation supplies and expenses | 761 | 2758.3 | Operation supplies and expenses. |
| | | 2758.9 | Local storage rents. |
| | | 2759 | System operation. |
| | | 2760 | System maintenance. |
| | | 2761.1 | Rents. |
| | | 2762.2 | Transmission and compression of gas by others. |
| | | 2764.1 | Operation of city gate and main line industrial measuring and regulating stations. |
| | | 2764.4 | Maintenance of city gate and main line industrial measuring and regulating stations. |
| | | 2764.7 | Rents. |
| | | 2765 | System operation. |
| | | 2771 | Maintenance of distribution system. |
| | | 2776 | Rents. |
| Repairs of transmission and distribution plant | 762 | 2758.4 | Maintenance of local storage plant. |
| | | 2760 | System maintenance. |
| | | 2764.4 | Maintenance of city gate and main line industrial measuring and regulating stations. |
| | | 2771 | Maintenance of distribution system. |
| Transportation expenses (may be used as a clearing account). | 765 | 2759 | System operation. |
| | | 2760 | System maintenance. |
| | | 2761.1 | Operation of city gate and main line industrial measuring and regulating stations. |
| | | 2764.4 | Maintenance of city gate and main line industrial measuring and regulating stations. |
| | | 2765 | System operation. |
| | | 2771 | Maintenance of distribution system. |
| | | 2811 | Transportation expenses. |
| | | 2903 | Transportation expenses—clearing. |

APPENDIX A—*Comparison of the uniform system of accounts prescribed for Natural Gas Companies effective Jan. 1, 1940, with the revised system of accounts effective Jan. 1, 1961* Continued

**From the system of accounts effective Jan. 1, 1940, to the system of accounts effective Jan. 1, 1961**

| System of accounts effective Jan. 1, 1940 | | System of accounts effective Jan. 1, 1961 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATING EXPENSE ACCOUNTS—Con. | | | OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Con. |
| *4. Distribution*—Con. | | | *4. Transmission and Distribution*—Con. |
| *B. General Distribution Expenses* | | | |
| Operation: | | | |
| System operation | 2765 | 760 | Supervision and labor. |
| | | 761 | Operation supplies and expenses. |
| | | 765 | Transportation expenses. |
| Maintenance: | | | |
| Maintenance of distribution system | 2771 | 760 | Supervision and labor. |
| | | 761 | Operation supplies and expenses. |
| | | 762 | Repairs of transmission and distribution plant. |
| | | 765 | Transportation expenses. |
| Miscellaneous: | | | |
| Rents | 2776 | 761 | Operation supplies and expenses. |
| Joint expenses—debit | 2777.1 | ------ | Deleted. |
| Joint expenses—credit | 2777.2 | ------ | Deleted. |
| *5. Customers' Accounting and Collecting Expenses* | | *5. General Expenses* | |
| Meter reading, accounting, and collecting | 2779 | 770 | Administrative and general salaries. |
| | | 771 | Office supplies and expenses. |
| Uncollectible accounts | 2783 | 778 | Uncollectible accounts. |
| Rents | 2784 | 777 | Miscellaneous general expenses. |
| *6. Sales Promotion Expenses* | | | |
| Sales promotion expenses | 2785 | 770 | Administrative and general salaries. |
| | | 771 | Office supplies and expenses. |
| Rents | 2788 | 777 | Miscellaneous general expenses. |
| Merchandising, jobbing, and contract work | 2789 | 780 | Revenues from merchandising, jobbing, and contract work. |
| | | 781 | Costs and expenses of merchandising, jobbing, and contract work. |
| *7. Administrative and General Expenses* | | | |
| General office salaries | 2790 | 770 | Administrative and general salaries. |
| General office and miscellaneous expenses | 2793 | 771 | Office supplies and expenses. |
| | | 772 | Outside services employed. |
| | | 773 | Insurance expense. |
| | | 775 | Employee pensions and benefits. |
| | | 777 | Miscellaneous general expenses. |
| Regulatory commission expenses | 2797 | 776 | Regulatory commission expenses. |
| Maintenance of general property | 2802 | 771 | Office supplies and expenses. |
| | | 777 | Miscellaneous general expenses. |
| Rents | 2803 | 777 | Miscellaneous general expenses. |
| Franchise requirements | 2805 | 777 | Miscellaneous general expenses. |
| Duplicate miscellaneous charges—credit | 2806 | ------ | Deleted. |
| Administrative and general expenses transferred—credit. | 2807 | 770 | Administrative and general salaries. |
| | | 771 | Office supplies and expenses. |
| Joint expenses—debit | 2808 | ------ | Deleted. |
| Joint expenses—credit | 2809 | ------ | Deleted. |
| Stores expenses | 2810 | ------ | Deleted. See account 183. |
| Transportation expenses | 2811 | 765 | Transportation expenses. |
| | | 771 | Office supplies and expenses. |
| CLEARING ACCOUNTS | | | |
| Charges by associated companies—clearing | 2901 | ------ | Deleted. See account 183. |
| Stores expenses—clearing | 2902 | ------ | Deleted. See account 183. |
| Transportation expenses—clearing | 2903 | 765 | Transportation expenses. (May be used as a clearing account.) |

**From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1940**

| System of accounts effective Jan. 1, 1961 | | System of accounts effective Jan. 1, 1940 | |
|---|---|---|---|
| Account title | No. | No. | Account title |
| OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Con. | | | OPERATING EXPENSE ACCOUNTS—Con. |
| *5. General Expenses* | | | *5. Customers' Accounting* |
| | | | *6. Sales Promotion* |
| | | | *7. Administrative and General Expenses* |
| | | 2779 | Meter reading, accounting, and collecting. |
| | | 2785 | Sales promotion expenses. |
| Administrative and general salaries | 770 | 2790 | General office salaries. |
| | | 2807 | Administrative and general expenses transferred—credit. |
| | | 2779 | Meter reading, accounting, and collecting. |
| | | 2785 | Sales promotion expenses. |
| | | 2793 | General office and miscellaneous expenses. |
| Office supplies and expenses | 771 | 2802 | Maintenance of general property. |
| | | 2807 | Administrative and general expenses transferred—credit. |
| | | 2811 | Transportation expenses. |
| Outside services employed | 772 | | |
| Insurance expense | 773 | 2793 | General office and miscellaneous expenses. |
| Employees pensions and benefits | 775 | | |
| Regulatory commission expenses | 776 | 2797 | Regulatory commission expenses. |
| | | 2784 | Rents. |
| | | 2788 | Rents. |
| Miscellaneous general expenses | 777 | 2793 | General office and miscellaneous expenses. |
| | | 2802 | Maintenance of general property. |
| | | 2803 | Rents. |
| | | 2805 | Franchise requirements. |
| Uncollectible accounts | 778 | 2783 | Uncollectible accounts. |
| Revenues from merchandising, jobbing, and contract work. | 780 | | |
| Costs and expenses of merchandising, jobbing, and contract work. | 781 | 2789 | Merchandising, jobbing and contract work. |

## APPENDIX B—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR NATURAL GAS COMPANIES SUBJECT TO THE PROVISIONS OF THE NATURAL GAS ACT (CLASS D)

### Definitions

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

3. "Book cost" means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization or for other purposes.

4. "Commission," means the Federal Power Commission.

5. "Cost" means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

6. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing gas plant, including the cost of transportation and handling incidental thereto.

7a. "Depletion," as applied to natural gas producing land and land rights, means the loss in service value incurred in connection with the exhaustion of the natural resource in the course of service.

7b. "Depreciation," as applied to depreciable gas plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of gas plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities, and, in the case of natural gas companies, the exhaustion of natural resources.

8. "Investment advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

9. "Minor items of property" means the associated parts or items of which retirement units are composed.

10. "Natural gas" means either natural gas unmixed, or any mixture of natural and artificial gas.

11. "Natural gas company" means a person engaged in the transportation of natural gas in interstate commerce, or the sale in interstate commerce of such gas for resale.

12. "Net salvage value" means the salvage value of property retired less the cost of removal.

13. "Original cost," as applied to gas plant, means the cost of such property to the person first devoting it to public service.

14. "Property retired," as applied to gas plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

15. "Replacing" or "replacement," when not otherwise indicated in the context, means the construction or installation of gas plant in place of property retired, together with the removal of the property retired.

16. "Retirement units" means those items of gas plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the gas plant account in which included.

17. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

18. "Service life" means the time between the date gas plant is includible in gas plant in service, or gas plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

19. "Service value" means the difference between original cost and net salvage value of gas plant.

20. "Utility," as used herein and when not otherwise indicated in the context, means any natural gas company to which this system of accounts is applicable.

### General Instructions

1. *Classification of Utilities.*

A. For the purpose of applying systems of accounts prescribed by the Commission, natural gas companies are divided into four classes as follows:

*Class A.* Natural gas companies having annual gas operating revenues of $2,500,000 or more.

*Class B.* Natural gas companies having annual gas operating revenues of $1,000,000 or more but less than $2,500,000.

*Class C.* Natural gas companies having annual gas operating revenues of $150,000 or more but less than $1,000,000.

*Class D.* Natural gas companies having annual gas operating revenues of $25,000 or more but less than $150,000.

B. This system of accounts applies to Class D utilities. Those applicable to Classes A and B and to Class C utilities are issued separately.

C. The class to which any utility belongs shall originally be determined by the average of its annual gas operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual gas operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual gas operating revenues of the classification previously applicable to the utility.

D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. *Records.*

A. Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto.

B. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any account, may be kept provided the integrity of the prescribed accounts is not impaired.

C. Each utility shall keep its books on either a monthly or quarterly basis. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

3. *Item Lists.*

Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts. In cases of doubtful interpretation, the matter shall be submitted to the Commission for decision.

4. *Distribution of Pay and Expenses of Employees.*

The charges to gas plant, operating expenses and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

5. *Gas Well Records.*

Each utility with natural gas operations shall maintain operating or accounting records for each well showing (a) acreage on which drilled, (b) dates of drilling period, (c) cost of drilling, (d) depth of well, (e) particulars and depth of each stratum drilled through, (f) geological formation from which gas obtained, (g) initial rock pressure and open flow capacity, (h) size of casing used and the lengths of each size, (i) total cost of well as recorded in gas plant accounts, (j) date well abandoned, for wells once productive, (k) date transferred to underground storage use, for wells converted to storage use, and (l) date drilling discontinued, for wells determined to be nonproductive. The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

6. *Functions and Accounts Not Included.*

A. If the utility is a Class D utility for the purposes of this system of accounts but derives the major portions of its revenues from the extraction of gasoline or other products from natural gas, it shall incorporate in its accounting classifications the accounts of the Class C system of accounts for these functions as follows:

Plant: Accounts 340 to 347, as appropriate.
Revenues: Account 490, Sales of Products Extracted from Natural Gas.
Expenses: Account 712, Extracted Products Supplies and Expenses, and Account 718, Maintenance of Products Extraction Plant.

B. If the utility has underground gas storage operations but is a Class D utility for the purposes of this system of accounts, it shall account for the inventory of gas stored underground and the inputs to and withdrawals from storage in accordance with the provisions of the accounts relating thereto of the Class C system of accounts. It is not required, however, that Class D utilities utilize the Class C plant and expense accounts for underground storage operations unless underground gas storage is a major activity or unless required by the Commission for other reasons.

C. If the utility contemplates or is following accounting for deferred taxes on income it shall use the accounts for deferred taxes on income prescribed for Classes A and B or Class C natural gas companies and comply with the related instructions and account texts of such Class A and B or Class C Uniform System of Accounts as though such accounts and instructions were a part of this system of accounts.

## Gas Plant Instructions

1. *Gas Plant To Be Recorded at Cost.*

A. All amounts included in the accounts for gas plant acquired as an operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other gas plants shall be included in the accounts at the cost incurred by the utility. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis. (See, however, Definition 5.) In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the gas plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. Gas plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the gas plant accounts at cost of construction, estimated if not known. There shall be credited to the accounts for accumulated depreciation, depletion, and amortization the estimated amount of depreciation, depletion, and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the gas plant accounts and the accumulated depreciation, depletion, and amortization shall be credited to account 271, Contributions in Aid of Construction.

2. *Components of Construction Cost.*

The cost of construction of property chargeable to the gas plant accounts shall include, where applicable, the cost of labor, materials and supplies, transportation, work done by others for the utility, injuries and damages incurred in construction work, privileges and permits, special machine service, interest during construction and such portion of general engineering, administrative salaries and expenses, insurance, taxes and other analogous items as may be properly includible in construction costs.

3. *Land and Land Rights.*

A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, rights-of-way, natural gas rights, and other like interests in land.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

D. When the purchase of land for gas operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 394, Gas Plant Held for Future Use, or account 121, Nonutility Property, as appropriate. Regarding land and land rights held for the production of natural gas, account 100, Gas Plant, shall include (1) the cost of the lands owned in fee upon which producing natural gas wells are located or lands owned in fee which are being drained through the operation by the utility of wells on other land, and (2) the first cost of lands held under lease upon which the utility pays royalties for the natural gas obtained therefrom. The cost of all other land and land rights held for the production of natural gas under a definite plan for such use shall be included in account 394, Gas Plant Held for Future Use.

NOTE: In addition to the accounting records prescribed herein, supplemental records of land and land rights held for future use shall be kept in such manner as to permit the segregation within a reasonable time of the land and land rights constituting (1) productive but nonproducing fields, (2) unproven or undeveloped fields, and (3) storage fields, and to show the following data with respect to each natural gas lease, regardless of the accounting treatment accorded the lease costs: (a) name of lessor, (b) location of leasehold and number of other identification assigned thereto, (c) date and period of lease agreement, (d) first cost of lease including details of the elements of such cost, (e) annual rental provisions, (f) date and cost of drilling, (g) date gas determined to exist, (h) date of completion of first well drilled by the utility in each pool of gas, (i) royalty provisions, (j) amortization and depletion provisions, and (k) date of abandonment of lease.

E. Provision shall be made for amortizing amounts carried in the accounts for limited-term interests in land, so as to apportion equitably the cost of each interest over the life thereof. For the purposes of amortization of natural gas rights, separate interests in land which comprise an interest in a production area may be grouped to form a depletion unit. (See account 403, Depreciation and Depletion Expense, and account 110, Accumulated Provision for Depreciation, Depletion and Amortization of Utility Plant, for the accounting for depletion of producing natural gas lands and land rights. See also account 722, Abandoned Leases, for the accounting for abandonments of natural gas leases which have never been productive.)

4. *Structures and Improvements.*

A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land.

B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of any item of equipment, shall be charged to the same account as the cost of the machinery, apparatus or equipment.

C. Where furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of

such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.

5. *Equipment.*

A. The cost of equipment chargeable to the gas plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchases, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate.

B. Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or which have relatively small value or short life, unless the correctness of the accounting therefor as gas plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be included in the appropriate plant account. Portable drills and similar tool equipment when used in connection with the operation and maintenance of a particular plant or department, such as production, transmission, distribution, etc., or in "stores," shall be charged to the plant account appropriate for their use.

C. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings, or floors, or without in some way impairing the building, shall be included in the building accounts.

6. *Gas Plant Retired.*

A. When depreciable gas plant is abandoned, destroyed, withdrawn or otherwise retired from service for any cause, the book cost of the plant shall be deducted from the gas plant accounts and charged to accumulated provision for depreciation. The cost of removing such plant (except customers' meters and house regulators) shall be charged to accumulated provision for depreciation and the amount received for any materials recovered and sold, or salvage value if returned to stores, shall be credited to the accumulated provision for depreciation. It is not intended that the above procedure shall be followed in the replacement of minor items of plant, the replacement of which is charged to operating expense accounts.

B. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation, depletion, or amortization therefor which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 394, Gas Plant Held for Future Use, or account 121, Nonutility Property, as appropriate.

C. The book cost of gas plant retired shall be the amount at which such property is included in the gas plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and, if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each unit, due to the relatively large number or small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

**Balance Sheet Accounts**

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

100 Gas plant
110 Accumulated provision for depreciation, depletion, and amortization of gas plant.
118 Other utility plant.
119 Accumulated provision for depreciation and amortization of other utility plant.

2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.
122 Accumulated provision for depreciation and amortization of nonutility property.
124 Other investments.
125 Special funds.

3. CURRENT AND ACCRUED ASSETS

131 Cash and working funds.
132 Temporary cash investments.
141 Notes receivable.
142 Customer accounts receivable.
143 Other accounts receivable.
144 Accumulated provision for uncollectible accounts—Cr.
150 Materials and supplies.
165 Prepayments.
170 Other current and accrued assets.

4. DEFERRED DEBITS

181 Unamortized debt discount and expense.
182 Extraordinary property losses.
183 Other deferred debits.

LIABILITIES AND OTHER CREDITS

5. PROPRIETARY CAPITAL

201 Common capital stock.
204 Preferred capital stock.
207 Other paid-in capital.
212 Installments received on capital stock.
213 Discount on capital stock.
214 Capital stock expense.
215 Appropriated earned surplus.
216 Unappropriated earned surplus.
217 Reacquired capital stock.
218 Noncorporate proprietorship.

6. LONG-TERM DEBT

221 Bonds.
223 Advances from associated companies.
224 Other long-term debt.

7. CURRENT AND ACCRUED LIABILITIES

231 Notes payable.
232 Accounts payable.
235 Customer deposits.
236 Taxes accrued.
237 Interest accrued.
238 Other current and accrued liabilities.

8. DEFERRED CREDITS

251 Unamortized premium on debt.
252 Customer advances for construction.
253 Other deferred credits.

9. OPERATING RESERVES

261 Property insurance reserve.
265 Miscellaneous operating reserves.

10. CONTRIBUTIONS IN AID OF CONSTRUCTION

271 Contributions in aid of construction.

## Balance Sheet Accounts

ASSETS AND OTHER DEBITS

1. UTILITY PLANT

**100 Gas plant.**

A. This account shall include the book amount of gas plant, included in the plant accounts 301 to 397, inclusive, prescribed herein, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees.

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be maintained in subdivisions separate and distinct from those relating to owned property.

**110 Accumulated provision for depreciation, depletion and amortization of gas plant.**

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation and Depletion Expense, to account 404, Amortization Expense, to account 413, Expense of Gas Plant Leased to Others, to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for currently accruing depreciation, depletion, or amortization of plant.

(2) Amounts charged to account 435, Miscellaneous Debits to Surplus, for past accrued depreciation, depletion, or amortization.

(3) Amounts of depreciation, depletion, or amortization, applicable to gas properties acquired as operating units or systems.

(4) Amounts chargeable to account 182, Extraordinary Property Losses, when authorized by Commission.

(5) Amounts of depreciation, depletion, or amortization applicable to gas plant donated to the utility.

B. At the time of retirement of gas plant, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance.

C. The credits and debits to this account shall be so kept as to show separately: (1) The amount of accrual for depreciation, depletion, or amortization, (2) the book cost of property retired, (3) cost of removal, (4) salvage, and (5) other items, including recoveries from insurance.

D. The utility is restricted in its use of the accumulated provision for depreciation, depletion, and amortization to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

E. Subsidiary records shall be maintained in accordance with the provisions of this account for accumulated deple-

tion and amortization provisions for natural gas lands and land rights in service.

**118 Other utility plant.**

This account shall include the balance in accounts for utility plant, other than gas plant, such as electric, railway, etc.

**119 Accumulated provision for depreciation and amortization of other utility plant.**

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than gas plant.

2. OTHER PROPERTY AND INVESTMENTS

**121 Nonutility property.**

This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 394, Gas Plant Held for Future Use.

**122 Accumulated provision for depreciation and amortization of nonutility property.**

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

**124 Other investments.**

A. This account shall include the book cost of investments in securities issued or assumed by other companies, investment advances to such companies, and any investments not accounted for elsewhere. Include, also, the off-setting entry to the recording of amortization of discount or premium on interest-bearing investments owned by the utility. (See account 419, Interest and Dividend Income.)

B. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

**125 Special funds.**

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for bond retirements, property additions, and replacements, insurance, employees' pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employees' benefits shall not be included in this account.

3. CURRENT AND ACCRUED ASSETS

**131 Cash and working funds.**

This account shall include the amount of cash on hand and in banks and cash advanced to officers, agents, employees, and others as petty cash or working funds. Special cash deposits for payment of interest, dividends or other special purposes shall be included in this account in separate subdivisions which shall specify the purpose for which each such special deposit is made.

NOTE: Special deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 125, Special Funds.

**132 Temporary cash investments.**

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

**141 Notes receivable.**

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue..

NOTE: The face amount of notes receivable, discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

**142 Customer accounts receivable.**

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing, and contract work.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing, and contract work.

**143 Other accounts receivable.**

A. This account shall include amounts due the utility upon open accounts, other than amounts due from customers for utility services and merchandising, jobbing, and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds.

**144 Accumulated provision for uncollectible accounts—Cr.**

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 778, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the writeoffs of accounts receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility customers.
Merchandising, jobbing, and contract work.
Officers and employees.
Other.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable are necessary, separate subaccounts therefor shall be established under account 141, Notes Receivable.

**150 Materials and supplies.**

A. This account shall include the cost of fuel on hand and unapplied materials and supplies (except meters and house regulators). It shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance, or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative-average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

C. Inventories of materials, supplies, fuel, etc., shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual inventories. In effecting the adjustments, large differences which can be assigned to important classes of materials shall be equitably adjusted among the accounts to which such classes of materials have been charged since the previous inventory. Other differences shall be equitably apportioned among the accounts to which materials have been charged.

ITEMS

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.

5. Insurance and other directly assignable charges.

NOTE A: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account and distributed therefrom to the appropriate account.

NOTE B: When materials and supplies are purchased for immediate use, they need not be carried through this account but may be charged directly to the appropriate gas plant or expense account.

**165 Prepayments.**

A. This account shall include the amount of rents, taxes, insurance, interest and like disbursements made in advance of the period to which they apply. As the periods covered by such prepayments expire, credit this account and charge the proper operating expense or other account with the amount applicable to the period.

B. This account shall be kept or supported in such manner as to disclose the amount of each class of prepayments.

**170 Other current and accrued assets.**

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

4. DEFERRED DEBITS

**181 Unamortized debt discount and expense.**

A. This account shall include the total of the unamortized balance of discount and expense for all classes of long-term debt.

B. The discount and expenses shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be charged to account 428, Amortization of Debt Discount and Expense. The utility may, however, accelerate the writing off of discount and expense where the amounts are insignificant.

**182 Extraordinary property losses.**

A. When authorized or directed by the Commission, this account shall include extraordinary losses on property abandoned or otherwise retired from service which are not provided for by the accumulated provisions for depreciation, depletion, or amortization and which could not reasonably have been foreseen and provided for, and extraordinary losses, such as unforeseen damages to property, which could not reasonably have been anticipated and which are not covered by insurance or other provisions.

B. The entire cost, less net salvage, of depreciable property retired shall be charged to accumulated provision for depreciation. If all, or a portion of the loss is to be included in this account, the accumulated provision for depreciation shall then be credited and this account charged with the amount properly chargeable hereto.

C. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

**183 Other deferred debits.**

A. This account shall include the following classes of items:

(1) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of projects under contemplation. If construction results, this account shall be credited with the amount applicable thereto and the appropriate plant accounts shall be charged with an amount which does not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to plant. If the work is abandoned, the charge shall be to account 435, Miscellaneous Debits to Surplus, or to the appropriate operating expense account.

(2) Expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of acquiring land and land rights to provide a future supply of natural gas. If such land or land rights are acquired, this account shall be credited and the appropriate gas plant account (see gas plant instruction 3) charged with the amount of expenditures related to such acquisition. Such preliminary survey and investigation charges transferred to gas plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to gas plant. If the project is abandoned, the expenditures related thereto shall be charged to account 723, Other Exploration.

(3) Undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

(4) Balances representing expenditures for work in progress other than on gas plant. This includes jobbing and contract work in progress.

(5) Other debit balances, the proper final disposition of which is uncertain, and unusual or extraordinary expenses, not included in other accounts, which are in process of being written off.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit included herein. The records supporting entries for preliminary natural gas surveys and investigations shall be so kept that the utility can furnish, for each investigation, complete information as to identification and location of the territory investigated, the number or other identification assigned to the land tract or leasehold acquired, and the nature and respective amounts of the charges.

LIABILITIES AND OTHER CREDITS

5. PROPRIETARY CAPITAL

**201 Common capital stock.**

**204 Preferred capital stock.**

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Other Paid-In Capital; provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

**207 Other paid-in capital.**

This account shall include the balance of all other credits for paid-in capital not includible in the capital stock accounts, and shall be kept so as to show the source of the credits includible herein.

ITEMS

1. Premium received on original issues of capital stock.
2. Donations received from stockholders or reduction of debt of the utility, and the cash value of other assets received as a donation.
3. Reduction in par or stated value of capital stock.
4. Gain on resale or cancellation of reacquired capital stock.
5. Miscellaneous paid-in capital.

NOTE: Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expense of another issue of the same class or series.

**212 Installments received on capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan for subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

**213 Discount on capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital

stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 207, Other Paid-In Capital, provided, however, that the amount shall be charged to account 435, Miscellaneous Debits to Surplus, to the extent that it exceeds the balance in account 207.

C. The utility may amortize the balance in this account by charges to account 425, Miscellaneous Amortization, or it may write off capital stock discount in whole or in part to account 435, Miscellaneous Debits to Surplus.

**214 Capital stock expense.**

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account applicable to the shares retired shall be written off to account 207, Other Paid-In Capital, to the extent of gains on resale or cancellation of reacquired stock includible therein: *Provided, however,* That the amount shall be charged to account 435, Miscellaneous Debits to Surplus, to the extent that it exceeds the balance in account 207, from such source.

C. The utility may amortize the balance in this account by systematic charges to account 425, Miscellaneous Amortization, or it may write off capital stock expense in whole or in part by charges to account 435, Miscellaneous Debits to Surplus.

NOTE: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

**215 Appropriated earned surplus.**

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

**216 Unappropriated earned surplus.**

This account shall include the balance, either debit or credit, of unappropriated surplus arising from earnings. It shall not include items includible in any subaccount of account 207, Other Paid-In Capital.

**217 Reacquired capital stock.**

A. This account shall include in a separate subdivision for each class and series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 207, Other Paid-In Capital: *Provided, however,* That debits shall be charged to account 435, Miscellaneous Debits to Surplus, to the extent that they exceed the balance of gains on resale or cancellation or reacquired stock included in account 207.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

**218 Noncorporate proprietorship.**

This account shall include the investment in an unincorporated utility by the proprietor thereof, and shall be charged with all withdrawals from the business by its proprietor. At the end of each calendar year the net income for the year, as developed in the income account, shall be transferred to this account. (See optional accounting procedure provided in Note C, hereunder.)

NOTE A: Amounts payable to the proprietor as just and reasonable compensation for services performed shall not be charged to this account but to appropriate operating expense or other accounts.

NOTE B: When the utility is owned by a partnership, a separate account shall be kept to show the net equity of each member therein and the transactions affecting the interest of each such partner.

NOTE C: This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, the surplus accounts shall be maintained and entries thereto shall be made in accordance with the texts thereof.

### 6. LONG-TERM DEBT

**221 Bonds.**

A. Separate accounts shall be maintained hereunder for unmatured bonds of each class and series. Each such account shall be subdivided so as to show: (1) the face value of the actually issued and unmatured bonds, which have not been retired or canceled; also, the face value of such bonds issued by others, the payment of which has been assumed by the utility, (2) the face value of bonds actually issued or assumed by the utility and reacquired by it, not paid, retired, or canceled. The account for reacquired debt shall not include securities which are held by trustees in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expense or premium and the amount paid upon reacquisition, shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate.

**223 Advances from associated companies.**

A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not include notes and open accounts representing indebtedness subject to current settlement.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.

**224 Other long-term debt.**

A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.

B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.

NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedures set forth in account 221, Bonds.

### 7. CURRENT AND ACCRUED LIABILITIES

**231 Notes payable.**

This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue.

**232 Accounts payable.**

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

**235 Customer deposits.**

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

**236 Taxes accrued.**

A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent to the date of the balance sheet shall be shown under account 165, Prepayments.

B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals. However, if such correc-

tions are so large as to seriously distort current expenses, they shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate.

C. Accruals for taxes shall be based upon the net amount payable after credit for any discounts and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.

D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.

**237 Interest accrued.**

This account shall include the amount of interest accrued but not matured on all liabilities of the utility, not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

**238 Other current and accrued liabilities.**

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

ITEMS

1. Dividends declared but not paid.
2. Matured long-term debt.
3. Matured interest.
4. Taxes collected through pay roll deductions or otherwise pending transmittal to the proper taxing authority.

8. DEFERRED CREDITS

**251 Unamortized premium on debt.**

A. This account shall include the total of the unamortized balance of premium and expense for all classes of long-term debt, including receivers' certificates.

B. The premium and expense shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be credited to account 429, Amortization of Premium on Debt—Cr.

**252 Customer advances for construction.**

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to account 271, Contributions in Aid of Construction.

**253 Other deferred credits.**

This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

9. OPERATING RESERVES

**261 Property insurance reserve.**

A. This account shall include amounts reserved by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. A schedule of risks covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered by self-insurance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

**265 Miscellaneous operating reserves.**

A. This account shall include all operating reserves maintained by the utility which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only such reserves as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Earned Surplus.

10. CONTRIBUTIONS IN AID OF CONSTRUCTION

**271 Contributions in aid of construction.**

A. This account shall include donations or contributions in cash, services, or property from states, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to earned surplus or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others, and the amount applicable to each utility department.

NOTE: There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. Such advances shall be credited to account 252, Customer Advances for Construction.

**Gas Plant Accounts**

1. INTANGIBLE PLANT

301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

2. MANUFACTURED GAS PRODUCTION PLANT

310 Land and land rights.
311 Structures and improvements.
312 Coal gas equipment.
313 Water gas equipment.
314 Petroleum gas equipment.
315 Production equipment—Other processes.

3. NATURAL GAS PRODUCTION AND GATHERING

320 Producing gas lands, leaseholds, and gas rights.
321 Other land and land rights.
322 Structures and improvements.
323 Producing gas wells.
324 Gathering lines and equipment.
325 Drilling and cleaning equipment.
326 Other production equipment.

4. TRANSMISSION AND DISTRIBUTION PLANT

330 Land and land rights.
331 Structures and improvements.
332 Mains.
333 Pumping and regulating equipment.
334 Services.
335 Meters.
336 Meter installations.
337 House regulators.
338 House regulator installations.
339 Property on customers' premises.
340 Other equipment.

5. GENERAL PLANT

370 Land and land rights.
371 Structures and improvements.
372 Office furniture and equipment.
373 Transportation equipment.
379 Other general equipment.

6. OTHER GAS PLANT

390 Other tangible property.
391 Gas plant purchased or sold.
392 Gas plant in process of reclassification.
393 Gas plant leased to others.
394 Gas plant held for future use.
395 Construction work in progress—Gas.
396 Gas plant acquisition adjustments.
397 Other gas plant adjustments.

**Gas Plant Accounts**

1. INTANGIBLE PLANT

**301 Organization.**

This account shall include the cost of organizing and incorporating the utility and putting it into readiness to do business. This includes the cost of legal services, amounts paid for privileges of incorporation, office expenses, incident to organizing the company and stock and minute books and corporate seal.

NOTE: This account shall not include any discounts upon securities issued or assumed, nor shall it include any costs incident to negotiating loans, selling bonds, or other evidences of debt, or expenses in connection with the authorization, issuance or sale of capital stock.

**302 Franchises and consents.**

A. This account shall include amounts paid to the federal government, to a state or to a political subdivison thereof in consideration for franchises, consents, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, or certificates of permission and approval.

B. If a franchise, consent, or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 435, Miscellaneous Debits to Surplus.

C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 435, Miscellaneous Debits to Surplus, or to account 110, Accumulated Provision for

Depreciation, Depletion and Amortization of Gas Plant, as appropriate.

D. Records supporting this account shall be maintained so as to show separately the book cost of each franchise or consent.

NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.

**303 Miscellaneous intangible plant.**

A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account.

B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 435, Miscellaneous Debits to Surplus, or account 110, Accumulated Provision for Depreciation, Depletion and Amortization of Gas Plant, as appropriate.

C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.

2. MANUFACTURED GAS PRODUCTION PLANT

NOTE: If the utility produces gas in two or more plants, separate production plant accounts shall be kept for each plant; when more than one kind of gas is produced at a single plant, the equipment used in common, if any, shall be kept in separate subdivisions and the extent of use for each process shall be indicated.

**310 Land and land rights.**

This account shall include the cost of land and land rights used in connection with gas production. (See gas plant instruction 3.)

**311 Structures and improvements.**

This account shall include the cost in place of structures and improvements used in connection with manufactured gas production. This includes relief and storage holders when located at the production plant. (See gas plant instruction 4.)

**312 Coal gas equipment.**

This account shall include the cost installed of plant and equipment used for the production and purification of coal gas.

ITEMS

1. Power equipment, such as furnaces, boilers, internal combustion engines and other driving equipment; accessory equipment, such as fuel and ash handling and storage equipment, piping and accessories, etc.
2. Benches and retorts, coke ovens, and accessory equipment.
3. Producer gas equipment and accessories.
4. Purification equipment and accessories.
5. Residual refining equipment and accessories.
6. Other production and accessory equipment, such as gas mixing equipment, tanks, odorizing equipment, oil foggers, piping and accessories, works exhauster, works station meters and gauges, production laboratory equipment, etc.

NOTE: This account shall not include boilers or steam pipes whose primary purpose is the heating of structures.

**313 Water gas equipment.**

This account shall include the cost installed of equipment used in the generation and purification of water gas.

ITEMS

1. Power equipment, such as furnaces, boilers, internal combusion engines and other driving equipment; accessory equipment such as fuel and ash handling and storage equipment, piping and accessories, etc.
2. Water gas generating equipment, such as generators, carburetors, superheaters, and equipment accessory thereto.
3. Purification equipment and accessories.
4. Residual refining equipment and accessories.
5. Other production and accessory equipment, such as gas mixing equipment, tanks, odorizing equipment, oil foggers, piping and accessories, works exhauster, works station meters and gauges, production laboratory equipment, etc.

NOTE: This account shall not include boilers or steam pipes whose primary purpose is the heating of structures.

**314 Petroleum gas equipment.**

This account shall include the cost installed of equipment used for the production of gas from petroleum derivatives, such as propane, butane or gasoline.

ITEMS

1. Carbureting equipment and accessories.
2. Compression equipment including pumps and accessories.
3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
4. Mixing or proportioning equipment.
5. Piping, including valves.
6. Storage equipment other than holders.
7. Vaporizing equipment.

**315 Production equipment—other processes.**

This account shall include the cost installed of production equipment for processes other than those provided for in preceding accounts, such as for the production of oil, gas, acetylene gas, etc., for producer gas when not for use in the manufacture of coal gas, and equipment for making or reforming gas by the catalytic cracking process.

3. NATURAL GAS PRODUCTION AND GATHERING

**320 Producing gas lands, leaseholds and gas rights.**

A. This account shall include the cost of (a) lands held in fee on which producing gas wells are located, and lands held in fee which are being drained of gas through the operation by the utility of wells on other land, (b) leaseholds on which the utility pays royalties for natural gas obtained therefrom, and (c) natural gas rights used in producing natural gas, whereby the utility obtains ownership in gas underlying land not owned or leased by the utility. (See gas plant instruction 3.)

B. Exclude from this account rents paid periodically for rights obtained under leases. Exclude also from this account the cost of leaseholds which terminate in one year or less after they become effective.

**321 Other land and land rights.**

This account shall include the cost of rights-of-way for gathering pipe lines and other lands and land rights used in connection with natural gas production operations except producing gas lands, leaseholds, and gas rights. Do not include in this account any payments with respect to rights-of-way or other land rights which terminate less than one year after they become effective. Any such payments, as well as annual or other periodic payments for use of land, should be charged to account 713, Operation Supplies and Expenses. (See gas plant instruction 3.)

**322 Structures and improvements.**

This account shall include the cost of structures and improvements used in connection with natural gas production and gathering operations. (See gas plant instruction 4.)

**323 Producing gas wells.**

This account shall include the cost of productive gas wells.

ITEMS

1. Casing.
2. Clearing site for drilling.
3. Drive pipe.
4. Fittings, including shut-in valve, separators, and drips.
5. Fuel or power used in drilling, cost of.
6. Packing.
7. Pumps and drives permanently connected.
8. Tubing.
9. Rent of drilling equipment.
10. Roads to well site, cost of making, clearing, etc.
11. Cost of hauling, erecting, dismantling, and removing boilers, portable engines, derricks, rigs and other equipment and tools used in drilling.
12. Water used in drilling obtained either by driving wells, piping from springs or streams, or by purchase.

NOTE: Cost of drilling, etc., incurred in connection with dry holes shall be charged as provided in account 721, Nonproductive Well Drilling.

**324 Gathering lines and equipment.**

This account shall include the cost installed of pipe lines and equipment used in conveying natural gas from the wells to the point of storage or compression, or where it enters the transmission or distribution system.

ITEMS

1. Boosters.
2. Drip traps.
3. Driving units.
4. Gathering lines, including pipe, valves, fittings, and supports.
5. Instruments, meters, pressure gauges, etc.
6. Pressure regulators.
7. Pumps.

**325 Drilling and cleaning equipment.**

This account shall include the cost of implements and equipment used in drilling and cleaning natural gas wells.

ITEMS

1. Bailers.
2. Boilers.
3. Derricks.
4. Drilling cables.
5. Drilling machines.
6. Engines.
7. Motors.
8. Pulling machines.
9. Rigs.

**326 Other production equipment.**

This account shall include the cost installed of equipment used in the production of gas, when not assignable to any of the foregoing accounts.

ITEMS

1. Natural gas purification equipment.
2. Odorizing equipment.
3. Oil foggers.
4. Production laboratory equipment.

**4. TRANSMISSION AND DISTRIBUTION PLANT**

**330 Land and land rights.**

This account shall include the cost of land and land rights used in connection with transmission or distribution operations. (See gas plant instruction 3.)

**331 Structures and improvements.**

A. This account shall include the cost in place of structures and improvements used in connection with transmission or distribution operations. (See gas plant instruction 4.)

B. This includes storage holders and accessory equipment when located on the transmission or distribution system. Storage holders and accessory equipment located at the production plant shall be included in account 311, Structures and Improvements.

**332 Mains.**

This account shall include the cost installed of transmission and distribution system mains.

ITEMS

1. Drip lines and pots.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Municipal inspection.
4. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
5. Permits.
6. Pipe coatings.
7. Pipe and fittings.
8. Pipe laying.
9. Pipe supports.
10. Protection of street openings.
11. Surveys made for main construction.
12. Valves (including manholes or pits), not associated with pumping or regulating equipment.

**333 Pumping and regulating equipment.**

This account shall include the cost installed of pumping, regulating, and measuring equipment, including minor structures which house such equipment.

ITEMS

1. After-cooling equipment and accessories.
2. Boosters.
3. Compressors.
4. Driving units for items listed herein.
5. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
6. Foundations and vaults for items listed herein.
7. Governors or regulators for pressure in mains.
8. Manholes or pits used to house equipment included in this account.
9. Meters located on mains.
10. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
11. Piping and fittings for equipment.
12. Pressure indicators.
13. Pressure regulating devices.
14. Valves associated with pumping or regulating equipment.

**334 Services.**

A. This account shall include the cost installed of service pipes and accessories leading to the customers' premises.

B. A complete service begins with the connection on the main and extends to but does not include the connection with the customer's meter. A stub service extends from the main to the property line, or the curb stop.

C. Services which have been used but have become inactive shall be retired from utility plant in service immediately if there is no prospect for reuse, and, in any event, shall be retired by the end of the second year following that during which the service became inactive unless reused in the interim.

ITEMS

1. Curb valves and curb boxes.
2. Excavation, including shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
3. Landscaping, including lawns, shrubbery, shoring, bracing, bridging, pumping, backfill, and disposal of excess excavated material.
4. Municipal inspection.
5. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
6. Permits.
7. Pipe and fittings, including saddle, T, or other fitting on street main.
8. Pipe coating.
9. Pipe laying.
10. Protection of street openings.
11. Service drips.
12. Service valves, at head of service, when installed or furnished by the utility.

NOTE: When a customer pays all or a part of the cost of the service and such cost is properly includible in this account, the amount borne or contributed by the customer shall be credited to account 271, Contributions in Aid of Construction.

**335 Meters.**

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring gas delivered to users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost thereof shall be credited to this account.

C. The records of meters shall be so kept that the utility can furnish information as to the number of meters of each type and capacity in service and in reserve as well as the location of each meter.

ITEMS

1. Meters, including badging and initial testing.

Meter installations:

2. Cocks.
3. Labor.
4. Locks.
5. Meter bars.
6. Pipe and fittings.
7. Seals.
8. Shelves.
9. Swivels and bushings.
10. Transportation.

NOTE A: At the option of the utility, costs of meter installations may be accounted for separately from the cost of meters in accordance with the provisions of account 336, Meter Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

NOTE B: The labor cost of removing and resetting meters shall be charged to account 760, Supervision and Labor, and supplies used or other expense incurred charged to account 761, Operation Supplies and Expenses.

**336 Meter installations.**

A. This account shall include the cost of labor and materials used, and expenses incurred in connection with the original installation of customer meters.

B. When a meter installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Locks.
3. Labor.
4. Meter bars.
5. Pipe and fittings.
6. Seals.
7. Shelves.
8. Swivels and bushings.
9. Transportation.

NOTE: At the option of the utility, meter installations may be accounted for as part of the cost installed of meters, in accordance with the provisions of account 335, Meters. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

**337 House regulators.**

A. This account shall include the cost installed of house regulators whether actually in service or held in reserve.

B. When a house regulator is permanently retired from service, the installed cost thereof shall be credited to this account.

ITEMS

1. House regulator.

House regulator installations:

2. Cocks.
3. Labor.
4. Locks.
5. Pipe and fittings.
6. Regulator vents.
7. Swivels and bushings.
8. Transportation.

NOTE: At the option of the utility, cost of house regulator installations may be accounted for separately from the cost of house regulators in accordance with the provisions of account 338, House Regulator Installations. The practice of the utility, however, shall be consistent from year to year and throughout the utility's system.

**338 House regulator installations.**

A. This account shall include the cost of labor and materials used and expenses incurred in connection with the original installation of house regulators.

B. When a house regulator installation is permanently retired from service, the cost thereof shall be credited to this account.

ITEMS

1. Cocks.
2. Labor.
3. Locks.
4. Pipe and fittings.
5. Regulator vents.
6. Swivels and bushings.
7. Transportation.

NOTE: At the option of the utility, house regulator installations may be accounted for as part of the cost installed of house regulators in accordance with the provisions of account 337, House Regulators. The prac-

tice, however, shall be consistent from year to year and throughout the utility's system.

**339 Property on customers' premises.**

This account shall include the cost, including first setting and connecting, of equipment owned by the utility installed on customer premises which is not includible in other accounts.

**340 Other equipment.**

This account shall include the cost installed of all other transmission and distribution equipment not provided for in the foregoing accounts, including street lighting equipment.

ITEMS

1. Carbon monoxide tester and indicator.
2. Explosimeters.
3. Fire extinguisher.
4. Gas masks.
5. Lockers.
6. Portable pump.
7. Recording gauges.
8. Street lighting equipment.
9. Test meters.
10. Watchmen's clocks.

5. GENERAL PLANT

**370 Land and land rights.**

This account shall include the cost of land and land rights used for utility purposes, the cost of which is not properly includible in other land and land rights accounts. (See gas plant instruction 3.)

**371 Structures and improvements.**

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See gas plant instruction 4.)

**372 Office furniture and equipment.**

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Bookcases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage, and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment, such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

**373 Transportation equipment.**

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Automobiles.
2. Bicycles.
3. Electrical vehicles.
4. Motor trucks.
5. Motorcycles.
6. Repair cars or trucks.
7. Tractors and trailers.
8. Other transportation vehicles.

**379 Other general equipment.**

This account shall include the cost installed of the following equipment:

(1) Equipment used for the receiving, shipping, handling, and storage of materials and supplies when not an integral part of the housing structure.

(2) Equipment specially provided for general shops when such equipment is not an integral part of the housing structure.

(3) Laboratory equipment used for general laboratory purposes and not specially provided for or includible in other departmental or functional plant accounts.

(4) Tools, implements, and equipment used in construction or repair work exclusive of equipment includible in other equipment accounts.

(5) Other general equipment, apparatus, etc., used in the utility's gas operations, and which is not includible in any other account.

NOTE: General equipment of the nature indicated above whenever practicable shall be assigned to the gas plant accounts on a functional basis.

6. OTHER GAS PLANT

**390 Other tangible property.**

This account shall include the cost of tangible gas plant not provided for elsewhere.

**391 Gas plant purchased or sold.**

This account shall be charged with the cost of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts as the Commission shall approve or direct.

**392 Gas plant in process of reclassification.**

A. This account shall include temporarily the balance of gas plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detail or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the gas plant accounts herein prescribed (301–390), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified gas plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

**393 Gas plant leased to others.**

A. This account shall include the original cost of gas plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301–390) prescribed for gas plant in service, and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

**394 Gas plant held for future use.**

A. This account shall include the original cost of property owned and held for future use in gas service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in gas service, but held for such service in the future under a definite plan, and property previously used by the utility in gas service pending its reuse in the future, under a definite plan, in gas service. This includes land and land rights held to insure a future supply of natural gas.

B. The property included in this account shall be classified according to the detailed accounts (301–390) prescribed for gas plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE A: Materials and supplies, meters and transformers held in reserve, and normal spare capacity of plant in service shall not be included in this account.

NOTE B: Include in this account natural gas wells shut in after construction which have not been connected with the line; also, natural gas wells which have been connected with the line but which are shut in for any reason excepting seasonal excess capacity or governmental proration requirements or for repairs.

**395 Construction work in progress—Gas.**

This account shall include the total of the balances of work orders for gas plant in process of construction but not ready for service at the date of the balance sheet.

**396 Gas plant acquisition adjustments.**

A. This account shall include the difference between (a) the cost to the accounting utility of gas plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provision for depreciation, depletion and amortization and contributions in aid of construction with respect to such property.

B. The amounts recorded in this account with respect to each property acquisition shall be amortized, or otherwise disposed of, as the Commission may approve or direct.

**397 Other gas plant adjustments.**

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of gas plant to the extent that such difference is not properly includible in account 396, Gas Plant Acquisition Adjustments.

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of gas plant.

**Income Accounts**

1. UTILITY OPERATING INCOME

400 Operating revenues.
Operating expenses:
401 Operation and maintenance expense.
403 Depreciation and depletion expense.

404 Amortization expense.
408 Taxes other than income taxes.
409 Income taxes.
Total operating expenses.
Operating income.
412–413 Income, from gas plant leased to others.
414 Other utility operating income.
Total operating income.

2. OTHER INCOME

415–416 Income from merchandising, jobbing, and contract work.
418 Nonoperating rental income.
419 Interest and dividend income.
421 Miscellaneous nonoperating income.
Total other income.
Total income.

3. MISCELLANEOUS INCOME DEDUCTIONS

425 Miscellaneous amortization.
426 Other income deductions.
Total income deductions.
Income before interest charges.

4. INTEREST CHARGES

427 Interest on long-term debt.
428 Amortization of debt discount and expense.
429 Amortization of premium on debt—Cr.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Interest charged to construction—Cr.
Total interest charges.
Net income.

5. EARNED SURPLUS

216 Unappropriated earned surplus (at beginning of period).
433 Balance transferred from income.
434 Miscellaneous credits to surplus.
435 Miscellaneous debits to surplus.
436 Appropriations of surplus.
Net addition to earned surplus.
437 Dividends declared—Preferred stock.
438 Dividends declared—Common stock.
216 Unappropriated earned surplus (at end of period).

## Income Accounts

1. UTILITY OPERATING INCOME

### 400 Operating revenues.

There shall be shown under this caption the total amount included in the gas operating revenue accounts provided herein.

### 401 Operation and maintenance.

There shall be shown under this caption the total amount included in the gas operation and maintenance expense accounts provided herein.

### 403 Depreciation and depletion expense.

A. This account shall include the amount of depreciation expense for the period covered by the income statement for all classes of depreciable gas plant in service except such depreciation expense as is chargeable to clearing accounts or to merchandising, jobbing and contract work activities. It shall also include depletion and amortization expense with respect to producing natural gas lands and land rights.

B. The charges to this account for amortization and depletion of producing natural gas land and land rights shall be made in such manner as to distribute the cost of producing natural gas land and land rights over the period of their benefit to the utility, based upon the exhaustion of the natural gas deposits recoverable from such land and land rights.

### 404 Amortization expense.

This account shall include amortization charges applicable to amounts included in the gas plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, other than land rights held for production of natural gas, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. Include also, when authorized by the Commission, amortization of extraordinary property losses. (See account 182, Extraordinary Property Losses.)

### 408 Taxes other than income taxes.

A. This account shall include the amount of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, which are properly chargeable to gas operations, except income taxes.

B. This account shall be charged in each accounting period with the amount of taxes which is applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amount of taxes, the amount shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to this account shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in this account shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis.

NOTE A: Taxes applicable to nonutility property or investments, including taxes on net income derived therefrom, shall be charged to the account in which the income from the property or investments is included.

NOTE B: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE C: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE D: Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to the appropriate rent expense or clearing account.

NOTE E: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

NOTE F: Social Security and other forms of so-called pay roll taxes shall be destributed to utility departments and to nonutility functions on a basis related to pay roll. Amounts applicable to construction shall be charged to the appropriate plant account.

### 409 Income taxes.

A. This account shall include the amount of state and federal taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amount of taxes becomes known, the current tax accruals shall be adjusted accordingly so that this account, as nearly as can be ascertained, shall include the actual taxes payable which are chargeable to utility operations.

B. The accruals for income taxes shall be apportioned among utility departments and nonutility operations so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or nonutility operation the income from which gave rise to the tax.

NOTE A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE B: Income taxes on income from gas plant leased to others shall be charged to account 413, Expenses of Gas Plant Leased to Others.

NOTE C: Where statutes or regulatory practices require that the profits or losses of merchandising, jobbing and contract work shall not be considered in arriving at rates to be charged for utility service, income taxes on income from merchandising, jobbing and contract work shall be charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE D: Income taxes on nonutility income shall be charged to the account in which the income is included.

NOTE E: Interest on tax refunds or deficiencies shall not be included in this account but in account 419, Interest and Dividend Income, or account 431, Other Interest Expenses, as appropriate.

### 412 Revenues from gas plant leased to others.

### 413 Expenses of gas plant leased to others.

A. These accounts shall include, respectively, revenues from gas property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 393, Gas Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expense shall be kept or supported so as to show separately the following:

Operation and maintenance.
Rents.
Depreciation and depletion.
Amortization.
Taxes other than income taxes.
Income taxes.

### 414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes, and insurance.

2. OTHER INCOME

**415 Revenues from merchandising, jobbing and contract work.**

**416 Costs and expenses of merchandising, jobbing and contract work.**

These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities.

NOTE: The revenues and expenses of merchandising, jobbing and contract work shall be reported in these accounts if a State regulatory body having jurisdiction over the utility requires the net income therefrom to be reported as other income; but the amounts shall be reported in accounts 780 and 781 if such regulatory body requires the net income to be reported as an operating income or expense item. In the absence of a requirement by a State regulatory body, the utility may use these accounts or accounts 780 and 781 at its option, in which case the practice of the utility must be consistent.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

1. Cost of merchandise sold and materials used in jobbing work.
2. Labor and expenses incurred in merchandising and jobbing operations.

**418 Nonoperating rental income.**

This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property.

**419 Interest and dividend income.**

A. This account shall include interest revenues on securities, loans, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking- or other special-fund accounts.

B. If any interest or dividends are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretion to the fund shall concurrently be credited to the appropriate reserve account and charged to account 436, Appropriations of Surplus.

**421 Miscellaneous nonoperating income.**

This account shall include all revenue and expense items properly includible in the income account and not provided for elsewhere.

3. MISCELLANEOUS INCOME DEDUCTIONS

**425 Miscellaneous amortization.**

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program. Similar charges made irregularly without a definite program, or which are dependent upon the amount of net income shall be charged to account 435, Miscellaneous Debits to surplus.

ITEMS

1. Amortization of utility plant acquisition adjustments or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Amortization of amounts in account 182, Extraordinary Property Losses, when not authorized to be included in utility operating expenses by the Commission.
3. Amortization of capital stock discount or expenses when in accordance with a systematic amortization program.

**426 Other income deductions.**

This account shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

ITEMS

1. Donations for charitable, social or community welfare purposes.
2. Life insurance of officers and employees where utility is beneficiary (net premiums less increase in cash surrender value of policies).
3. Penalties or fines for violation of statutes pertaining to regulation.

NOTE: The classification of expenses as nonoperating and their inclusion in this account is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

4. INTEREST CHARGES

**427 Interest on long-term debt.**

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

**428 Amortization of debt discount and expense.**

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to account 181, Unamortized Debt Discount and Expense.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

**429 Amortization of premium on debt—Cr.**

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 251, Unamortized Premium on Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

**430 Interest on debt to associated companies.**

A. This account shall include the interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

**431 Other interest expense.**

This account shall include all interest charges not provided for elsewhere.

ITEMS

1. Interest on notes payable on demand, or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.
2. Interest on customers' deposits.
3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.
4. Income and other taxes levied upon bondholders of utility and assumed by it.

**432 Interest charged to construction—Cr.**

This account shall include concurrent credits for interest charged to construction based upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon other funds when so used. No interest shall be capitalized on plant which is completed and ready for service.

5. EARNED SURPLUS

**433 Balance transferred from income.**

This account shall include the net credit or debit transferred from income for the year.

**434 Miscellaneous credits to surplus.**

This account shall include credits affecting earned surplus not provided for elsewhere. If an amount otherwise required by the uniform system of accounts to be credited to this account is not significant with respect to net income determination for the year, it may be credited to the appropriate non-operating income account. All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

ITEMS

1. Delayed credits.
2. Profit on reacquisition and resale or retirement of utility's debt securities.
3. Profit on sale of property or investments.

**435 Miscellaneous debits to surplus.**

This account shall include amounts chargeable to earned surplus but not provided for elsewhere. If an amount otherwise required by the uniform system of accounts to be charged to this account is not significant with respect to net in-

come determination for the year, it may be charged to the appropriate non-operating income deduction account. All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

ITEMS

1. Decline in value of investments.
2. Delayed debits.
3. Loss on reacquisition and resale or retirement of utility's debt securities.
4. Provision for past accrued depreciation not provided for.
5. Long-term debt discount and expense written off.
6. Loss on sale of property or investments.
7. Write off of utility plant acquisition adjustments or of intangibles when not done under an orderly systematic program indicating the propriety of inclusion of the annual charges in account 425, Miscellaneous Amortization.
8. Preliminary survey and investigation expenses on abandoned projects.
9. Income taxes, both state and federal, occasioned by items included in account 434, Miscellaneous Credits to Surplus.
10. Charges from retirement or resale of reacquired capital stock.

**436 Appropriations of surplus.**

This account shall include appropriations of earned surplus for purposes not provided for elsewhere in this system of accounts.

ITEMS

1. Appropriations of income required under terms of mortgages, orders of courts, contracts or other agreements.
2. Appropriations of income required by action of regulatory authorities.
3. Miscellaneous appropriations of income made at option of utility for specified purposes.

**437 Dividends declared—Preferred stock.**

This account shall include amounts declared payable out of earned surplus as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

**438 Dividends declared—Common stock.**

This account shall include amounts declared payable out of earned surplus as dividends on actually outstanding common capital stock issued by the utility.

**Operating Revenue Accounts**

1. SALES OF GAS

480 Residential sales.
481 Commercial and industrial sales.
483 Sales for resale.
484 Interdepartmental sales.

2. OTHER OPERATING REVENUES

487 Forfeited discounts.
488 Miscellaneous service revenues.
489 Revenues from transportation of gas of others.
491 Revenues from natural gas processed by others.
492 Incidental gasoline and oil sales.
493 Rent from gas property.
494 Interdepartmental rents.
495 Other gas revenues.

## Operating Revenue Accounts

1. SALES OF GAS

**480 Residential sales.**

A. This account shall include the net billing for gas supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of gas sold and the revenues received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account or account 481, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

**481 Commercial and industrial sales.**

A. This account shall include the net billing for gas supplied to commercial and industrial customers.

B. Records shall be maintained so that the quantity of gas sold and revenue received under each rate schedule shall be readily available.

NOTE: When gas supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account or in account 480, Residential Sales, according to the rate schedule which is applied. If the same rate schedules are applicable to both residential and commercial service, classification shall be according to principal use.

**483 Sales for resale.**

A. This account shall include the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.

B. Records shall be maintained so that there shall be readily available the revenues for each customer under each revenue schedule and the billing determinants, as applicable, i.e., volume of gas (actual and billing), contract demand, maximum actual demand, billing demand, and Btu adjustment factor.

NOTE: Revenues from gas supplied to other public utilities for use by them and not for distribution, shall be included in account 481, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

**484 Interdepartmental sales.**

A. This account shall include amounts charged by the gas department at tariff or other specified rates for gas supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of gas supplied each other department and the charge made therefor shall be readily available.

2. OTHER OPERATING REVENUES

**487 Forfeited discounts.**

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay gas bills on or before a specified date.

**488 Miscellaneous service revenues.**

This account shall include revenues from all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

ITEMS

1. Fees for changing, connecting, or disconnecting service.
2. Profit on maintenance of appliances, piping, gas firing and other utilization facilities, or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing work orders for plant installed for temporary service of less than one year.
4. Recovery of expenses in connection with gas diversion cases. (Billing for the gas consumed shall be included in the appropriate gas revenue account.)
5. Services performed for other gas companies for testing and adjusting meters, changing charts, etc.

**489 Revenues from transportation of gas of others.**

This account shall include revenues from transporting gas for other companies through the production, transmission, and distribution lines, or compressor stations of the utility.

**491 Revenues from natural gas processed by others.**

A. This account shall include revenues from royalties and permits, or other bases of settlement, for permission granted others to remove products from natural gas of the utility.

B. The records supporting this account shall be so maintained that full information concerning determination of the revenues will be readily available concerning each processor of gas of the utility, including as applicable (a) the Mcf of gas and approximate average Btu content thereof per cubic foot delivered to such other party for processing, (b) the Mcf of gas and approximate average Btu content thereof per cubic foot of gas received back from the processor, (c) the field, general production area, or other source of the gas processed, (d) Mcf of gas used for processing fuel, etc., which is chargeable to the utility, (e) total gallons of each product recovered by the processor and the utility's share thereof, (f) the revenues accruing to the utility, and (g) the basis of determination of the revenues accruing to the utility. Such records shall be maintained even though no revenues are derived from the processor.

**492 Incidental gasoline and oil sales.**

This account shall include revenues from natural gas gasoline produced direct from gas wells or recovered from drips or obtained in connection with purification or dehydration processes, and revenues from oil obtained from wells which produce oil and gas, the investment in which is carried in account 323, Producing Gas Wells.

**493 Rent from gas property.**

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to gas operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for sharing the actual expenses among the parties to the

arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include rent from property constituting an operating unit or system in this account. (See account 412, Revenues from Gas Plant Leased to Others.)

**494 Interdepartmental rents.**

This account shall include credits for rental charges made against other departments of the utility. In the case of property operated under a definite arrangement to allocate actual costs among the departments using the property, any allowance to the gas department for interest or return and depreciation and taxes shall be credited to this account.

**495 Other gas revenues.**

This account shall include revenues derived from gas operations not includible in any of the foregoing accounts.

ITEMS

1. Commission on sale or distribution of gas of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sales of steam, water, or electricity, including sales or transfers to other departments of the utility.
5. Service charges for storing gas of others.
6. Miscellaneous royalties received.
7. Revenues from dehydration and other processing of gas of others, except compression of gas of others, revenues from which are includible in account 489, Revenues from Transportation of Gas of Others.

**Operation and Maintenance Expense Accounts**

1. MANUFACTURED GAS PRODUCTION

700 Supervision and labor.
701 Fuel and raw materials.
708 Operation supplies and expenses.
706 Repairs of manufactured gas production plant.

2. NATURAL GAS PRODUCTION AND GATHERING

710 Supervision and labor.
713 Operation supplies and expenses.
714 Gas well royalties.
720 Delay rentals.
721 Nonproductive well drilling.
722 Abandoned leases.
723 Other exploration.
725 Repairs of production and gathering plant.

3. PURCHASED GAS

730 Purchased gas.

4. TRANSMISSION AND DISTRIBUTION

760 Supervision and labor.
761 Operation supplies and expenses.
762 Repairs of transmission and distribution plant.
765 Transportation expenses.

5. GENERAL EXPENSE

770 Administrative and general salaries.
771 Office supplies and expenses.
772 Outside services employed.
773 Insurance expense.
775 Employees pensions and benefits.
776 Regulatory commission expenses.
777 Miscellaneous general expenses.
778 Uncollectible accounts.
780 Revenues from merchandising, jobbing, and contract work.
781 Costs and expenses of merchandising, jobbing, and contract work.

## Operation and Maintenance Expense Accounts

1. MANUFACTURED GAS PRODUCTION

**700 Supervision and labor.**

This account shall include the cost of supervision and labor in the operation and maintenance of manufactured gas production plants including miscellaneous labor such as care of grounds, building service, etc.

ITEMS

1. Operating and attending gas making equipment and auxiliaries.
2. Cleaning, lubricating and oiling gas making equipment and auxiliaries.
3. Unloading and other handling of coal or other fuel, residuals, waste materials, etc.
4. Keeping plant logs, and other records and preparing reports on plant operations.

**701 Fuel and raw materials.**

A. This account shall include the cost delivered at works, including freight, switching, etc., of coal, oil, liquefied petroleum gas, enriching materials, and any other fuel and raw materials used in the manufacture of gas. This account also shall include the net cost of, or amount realized from, the disposal of ashes.

B. Records shall be kept to show the quantity and cost of each type of fuel and raw material used.

**703 Operation supplies and expenses.**

This account shall include the cost of supplies used and expenses incurred in connection with the operation of manufactured gas production plant.

ITEMS

1. Lubricants.
2. Packing.
3. Power or steam purchased.
4. Purification supplies.
5. Tools, hand.
6. Water purchased.
7. Waste.
8. Rents.

**706 Repairs of manufactured gas production plant.**

This account shall include the cost of repair parts and materials, and amounts of bills from others for repairs made to steam production plant. It shall not, however, include the cost of labor of the utility's own plant operating force.

ITEMS

1. Contract work for repairs and for rearrangement or relocation of plant not retired.
2. Repair parts and materials for repairs of manufactured gas production plant.

2. NATURAL GAS PRODUCTION AND GATHERING

**710 Supervision and labor.**

This account shall include the cost of supervision and labor in the operation and maintenance of gas wells, field lines, compressors, measuring and regulating equipment, drilling and cleaning equipment, and other plant of the natural gas production and gathering system.

ITEMS

1. Turning on and shutting off gas wells, bailing, swabbing, blowing gas wells, etc.
2. Patrolling field lines, attending and lubricating valves and other equipment, blowing and cleaning drips, taking line pressures, etc.
3. Operating field booster stations.
4. Attending measuring and regulating stations, recording pressures, changing charts, adjusting equipment, inspecting and pumping drips, etc.
5. Attending and servicing purification apparatus.
6. Moving equipment, minor structures, etc. not in connection with construction.
7. Cutting grass and weeds on rights-of-way or around equipment, etc.
8. Cleaning and repairing tools.
9. Building and repairing gate boxes, foot bridges, stiles, etc.

**713 Operation supplies and expenses.**

This account shall include the cost of supplies used and expenses incurred in the operation and maintenance of natural gas production and gathering plant.

ITEMS

1. Fuel.
2. Lubricants.
3. Meter charts and supplies.
4. Odorizing material.
5. Oil for oil fogging.
6. Power.
7. Pressure charts and supplies.
8. Purification supplies.
9. Tools, hand.
10. Transportation.
11. Waste.
12. Scrubber oil.
13. Well swabs.
14. Geological and gas reserve services by others than employees in connection with gas production.

**714 Gas well royalties.**

A. This account shall include royalties or other amounts paid for natural gas produced by the utility from wells on land owned by others.

B. Records supporting the entries to this account shall be so kept that the utility can furnish the name of the parties to each contract involving royalties, the terms of each contract, the location of the property involved, the method of determining the royalties, and the amounts payable.

**720 Delay rentals.**

A. This account shall be charged with the amount of rents paid periodically on natural gas lands in order to hold natural gas land and land rights for the purpose of obtaining a supply of gas in the future.

B. Include, also, in this account the cost of obtaining natural gas leases for a period of one year or less.

C. Records supporting this account shall be so kept that the utility can furnish complete details of the charges made for each natural gas leasehold. (See note to paragraph D of gas plant instruction 3.)

**721 Nonproductive well drilling.**

This account shall include the net cost of drilling wells which prove to be nonproductive.

NOTE: Records in support of the charges to this account shall conform, as appropriate, to note of general instruction 5, Gas Well Records.

**722 Abandoned leases.**

This account shall be charged with losses on abandonment of natural gas leases included in account 394, Gas Plant Held for Future Use, which have never been productive, unless otherwise authorized or directed by the Commission.

**723 Other exploration.**

This account shall be charged with the cost of abandoned projects on which preliminary expenditures were made for the purpose of determining the feasibility of acquiring acreage to provide a future supply of natural gas. (See account 183, Other Deferred Debits.)

**725 Repairs of production and gathering plant.**

This account shall include the cost of repair parts and materials and amounts of bills from others for repairs to natural gas production and gathering plant, including payments to others for repairs of well equipment and conditioning and cleaning of wells. It shall not, however, include the cost of labor of the utility's own plant operating force.

ITEMS

1. Contract work for cleaning and conditioning wells, repairing well equipment and rearranging, relocating, and repairing field lines, measuring and regulating equipment and other plant not retired.
2. Repair parts and materials for repairs of natural gas production and gathering plant.

### 3. PURCHASED GAS

**730 Purchased gas.**

A. This account shall include the cost at point of receipt by the utility of gas purchased for resale.

B. The records supporting this account shall be so maintained that there shall be readily available for each vendor and each point of receipt, the quantity of gas, basis of charges, and the amount paid for the gas.

NOTE: If any gas is used as fuel or raw materials in a manufactured gas process, the cost of such gas shall first be charged to this account and a separate entry made crediting this account and charging account 701, Fuel and Raw Materials, with the cost of the gas so used.

### 4. TRANSMISSION AND DISTRIBUTION EXPENSES

**760 Supervision and labor.**

This account shall include the cost of supervision and labor in the operation and maintenance of the transmission and distribution system including work on customers' premises.

ITEMS

1. Supervising and directing the operation and maintenance of transmission and distribution facilities.
2. Operating and servicing compressor station equipment.
3. Patrolling lines, cleaning debris, cutting grass and weeds, changing charts, taking pressures, attending and servicing regulating and measuring equipment, storage facilities, etc.
4. Cleaning and repairing tools.
5. Blowing and cleaning lines and drips, draining water from lines, taking line pressures, changing charts, attending and lubricating valves, locating and inspecting valve boxes, service lines, mains, etc.
6. Keeping logs and records.
7. Distribution office clerical and stenographic services.
8. Cutting and replacing pavement and sidewalks in connection with repairs.
9. Repairing materials for reuse.
10. Labor on customers' premises for inspecting, testing, repairing, removing and resetting or changing the location of meters or house regulators and necessary equipment on customers' premises, investigating service complaints, adjustments in connection with change in Btu content of gas, pressure, and other work on customers' premises.

NOTE: The cost of the first installation at a location of a meter or a house regulator shall not be charged to this account but to gas plant account 335, Meters, or 337, House Regulators.

**761 Operation supplies and expenses.**

This account shall include the cost of supplies used and expenses incurred in the operation and maintenance of transmission and distribution plant.

ITEMS

1. Transmission and compression of gas by others.
2. Consultants' fees and expenses for transmission and distribution operations.
3. Scrubber oil.
4. Charts and printed forms.
5. Lubricants, wiping rags, etc.
6. Small hand tools.
7. Compressor station fuel and power.
8. Meter locks and seals.
9. Rents.

**762 Repairs of transmission and distribution plant.**

This account shall include the cost of repair parts and materials and amounts of bills from others for repairs made to transmission and distribution plant. It shall not, however, include the cost of labor of the utility's own plant operating forces.

ITEMS

1. Contract work for repairs and for rearrangement or relocation of plant not retired.
2. Repair parts and materials for repairs of transmission and distribution plant.

**765 Transportation expenses.**

A. This account shall include the cost of labor, materials used and expenses incurred in the operation and maintenance of general transportation equipment of the utility.

B. This account may be used as a clearing account in which event the charges hereto shall be cleared by apportionment to the appropriate operating expense, utility plant, or other accounts on a basis which will distribute the expenses equitably. Credits to this account shall be made in such detail as to permit ready analysis.

ITEMS

1. Depreciation of transportation equipment.
2. Insurance on transportation equipment.
3. License fees for vehicles and drivers.
4. Rents for equipment and garages.
5. Repairs of transportation equipment.
6. Supplies, such as gas, oil, tires, tubes, grease, etc.

NOTE: Transportation expenses applicable to construction shall not be included in operating expenses.

### 5. GENERAL EXPENSES

**770 Administrative and general salaries.**

This account shall include the cost of supervision and labor incurred in administrative, customer accounts, and sales activities.

ITEMS

1. Accounting and clerical work on customers' accounts and on general records.
2. Meter reading.
3. Solicitation of business.
4. Stenographic work.
5. Supervision and administration.

**771 Office supplies and expenses.**

This account shall include office supplies and expenses incurred in connection with customer accounts, sales and general administration of the utility's operations.

ITEMS

1. Address plates and supplies.
2. Automobile service, including charges through clearing account.
3. Bank messenger and service charges.
4. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
5. Building service expenses for customer accounts, sales, and administrative and general purposes.
6. Commissions or fees to others for collecting revenues.
7. Communication service expenses.
8. Cost of individual items of office equipment used by general departments which are of small value or short life.
9. Meals, traveling and incidental expenses.
10. Membership fees and dues in trade, technical, and professional associations paid by utility for employees. (Company memberships are includible in account 777.)
11. Meter books and binders.
12. Office supplies and expenses.
13. Payment of court costs, witness fees, and other expenses of legal department.
14. Postage, printing and stationery.
15. Rent of office equipment.
16. Repairs of office equipment.

**772 Outside services employed.**

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operation function nor to other accounts. It shall include, also, the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

**773 Insurance expense.**

A. This account shall include the cost of insurance or reserve accruals (1) to protect the utility against losses and damages to owned or leased property used in its utility operations, and (2) to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance and expenses incurred in settlement of injuries and damages claims.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

**775 Employee pensions and benefits.**

A. This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes; and payment for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to nonutility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

**776 Regulatory commission expenses.**

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees.

B. Amounts of regulatory commission expense which by approval or direction of the Commission are to be spread over future periods shall be charged to account 183, Other Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

**777 Miscellaneous general expenses.**

This account shall include the cost of expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

1. Association dues for company memberships.
2. Contributions for conventions and meetings of the industry.
3. Experimental and general research work for the industry.
4. Communication service not chargeable to other accounts.
5. Trustee, registrar, and transfer agent fees and expenses.
6. Stockholders meeting expenses.
7. Dividend and other financial notices.
8. Printing and mailing dividend checks.
9. Directors' fees and expenses.
10. Publishing and distributing annual reports to stockholders.
11. Institutional or goodwill advertising.
12. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.
13. Rent for property used in customers' accounts, sales or administrative and general functions.

**778 Uncollectible accounts.**

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Cr. Losses from uncollectible accounts shall be charged to account 144.

**780 Revenues from merchandising, jobbing and contract work.**

**781 Costs and expenses of merchandising, jobbing, and contract work.**

These accounts shall include all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission and all expenses incurred in such activities.

NOTE A: The revenues and expenses of merchandising, jobbing and contract work shall be reported in this account if a state regulatory body having jurisdiction over the utility requires the net income therefrom to be reported as an operating expense item; but the amounts shall be reported in accounts 415 and 416 if such regulatory body requires such income to be reported as nonoperating income. In the absence of a requirement by a state regulatory body, the utility may use this account or accounts 415 and 416, at its option, in which case the practice of the utility must be consistent.

NOTE B: See accounts 415 and 416 for list of items includible herein.

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